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(SUPPLEMENT TO WEEKLY BULLETIN)
OF THE

DEPARTMENT OF TRADE AND COMMERCE

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HANDBOOK

RECEIVED
OCT 29 1933
DEPT. OF TRADE & COMMERCE
OTTAWA

FOR

EXPORT TO SOUTH AMERICA

2 BY MR. H. R. POUSSETTE,

Canadian Trade Commissioner at Buenos Aires.

Published by Authority of Sir George E. Foster, K.C.M.G., M.P.
Minister of Trade and Commerce.



OTTAWA
GOVERNMENT PRINTING BUREAU
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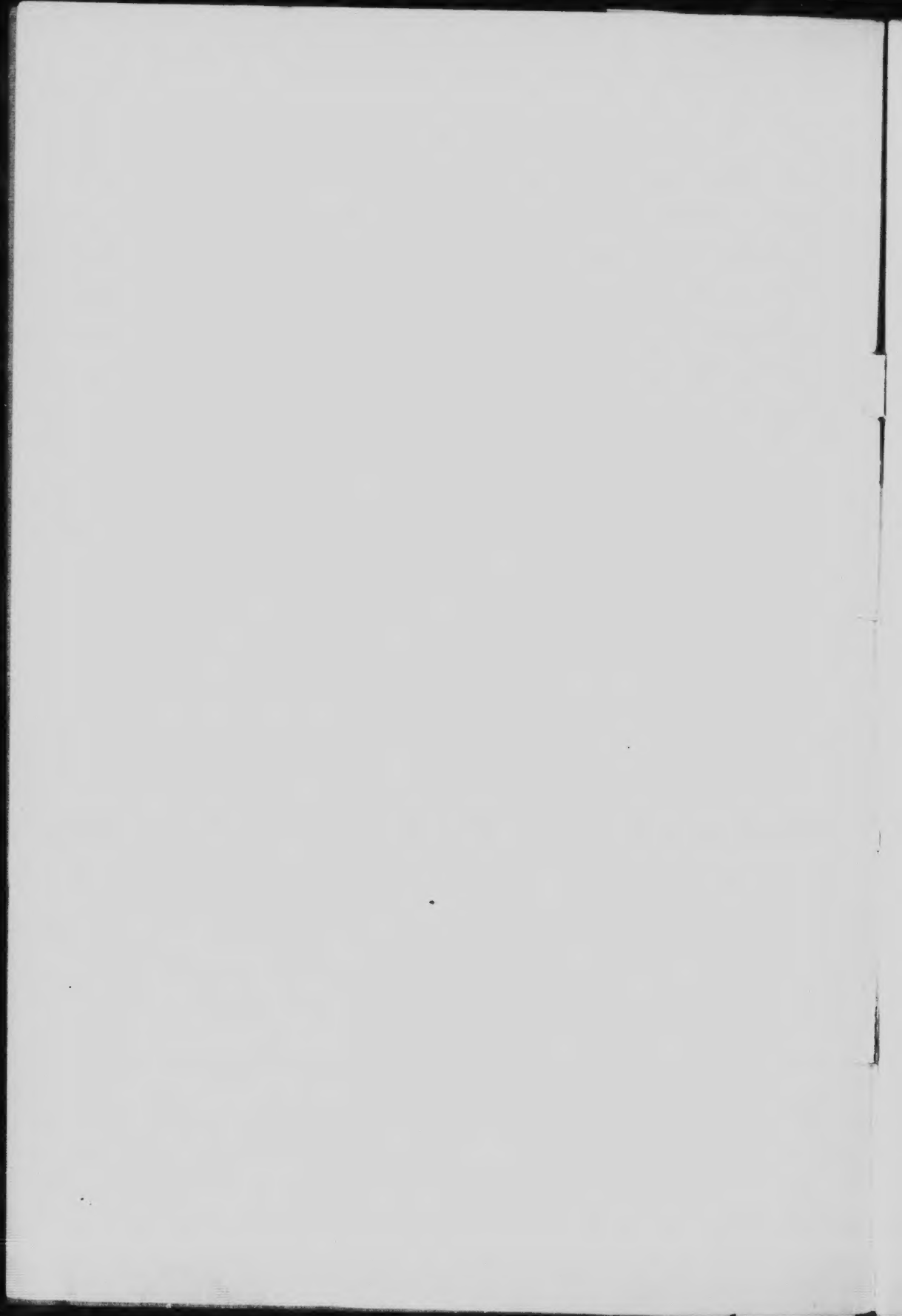
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INTRODUCTION.

The purpose of the supplement to the Weekly Bulletin presented herewith is to indicate the more important problems and methods of trade which have to be taken into account in connection with the export trade to South America. Information with respect to these markets has appeared from time to time in the Weekly Bulletin and attention may be called in the present instance to the reports of Mr. H. R. Poussette, the Canadian Trade Commissioner at Buenos Aires. During the course of the year 1913, Mr. Poussette visited the principal South American republics and carefully inquired into the opportunities for the sale of Canadian products. Before returning to his post in Buenos Aires, Mr. Poussette spent several months in Canada visiting leading industrial establishments and interviewing heads of firms with reference to South American possibilities. Further particulars in relation to the trade with these countries was also given in the supplement dealing with the war and its relation to Canadian trade. In order, therefore, to amplify the information already published, Mr. Poussette has prepared data concerning the more important points which have to be considered by exporters shipping to South America. This data is presented herewith in the hope that it may be of assistance to Canadians desirous of opening up or extending their trade with the countries concerned.

R. GRIGG,

Commissioner of Commerce.

OTTAWA, July 2, 1915.

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TABLE OF CONTENTS.

CHAPTER	PAGE.
I. Survey of Present Conditions	7
II. The Question of Representation	14
III. The Question of Representation (continued)	21
IV. Credits and Financing Exports	30
V. Details as to Shipments	35
VI. The Submitting of Quotations	43
VII. Facilities for Trade	45
VIII. United States Activities	51
Appendix A: London Offices of South American Firms.	54
Appendix B: Trade Tables.	57
Commercial Intelligence Service	63
Enlarged Canadian Trade Intelligence	64
Publications of the Department of Trade and Commerce	65

EXPORT TO SOUTH AMERICA.

Chapter I.

SURVEY OF PRESENT CONDITIONS.

It is difficult to say at this distance if the conditions which exist in South American markets are well known to Canadian exporters, but they have undergone such changes since the outbreak of the war that possibly they have not been followed in the Dominion. All of the Republics are passing through one of the most severe financial crises of their history. The European conflict may be put forward as a convenient reason for this state of affairs; but is only a contributory factor, as business conditions were in an unhealthy state prior to that event. There was much financial stringency prior to the outbreak of hostilities, and war merely intensified it. These remarks can at least be taken as applying to all of the Republics of the eastern coast and to Paraguay, Chile and Peru. Some of them are feeling it more sharply than others. Speculation has bred extravagance, and the other economic ills which usually follow upon it.

ARGENTINA.

Speculation in Argentina has been confined almost entirely to real estate, located in the cities and the camp. During the wave just passed, land attained a high and purely fictitious value, and now that this has fallen, capital to a large amount is being tied up.

The views of Dr. de la Plaza, who succeeded to the Presidential chair, on the death of its late occupant, Dr. Roque Sáenz Peña, are interesting as coming from a distinguished statesman who has a reputation for soundness of views. They have been given to the public through the medium of a commercial man, whose name has not been mentioned. Excerpts from this interview, as taken from an article appearing in the *Review of the River Plate*, are as follows:—

ECONOMIC BENEFITS TO BE DERIVED.

"Admitted that our financial mechanism could not but feel the intense repercussion of the upheaval suffered by the great European centres to which it is so closely allied. Hence, restricted credit, withholding of capital and paralization of business. But in the meantime, the Argentine economic organization not only remains inaccessible to those effects, but it also remains intact in all its vigour, and far from suffering damage, can reap positive benefits from the situation. Events in Europe increase both the security of a market for our products and the margin of profit on them. Argentine meat and grain cannot be dispensed with and these will meet with ample demand and remunerative prices. The prospects for the harvest could not be better. If results only approximate to what we are justified in looking for, the cash value of the harvest should not be less than 1,000 million dollars. There are, moreover, still in the country three and a half million tons of maize which is in a condition to be exported now that the climatic difficulties have disappeared. These are factors of wealth which are not subject to the eventualities of the war and which afford an unmistakable index of the national economy. It is sufficient to mention them to show the inconsistency of the alarmist propagandists who depict a disastrous situation and who clamour for heroic remedies to conjure it."

PRESENT DIFFICULTIES MAINLY FINANCIAL.

"Dr. de la Plaza particularly insists that the situation of the country cannot be gauged by the difficulties which provoked the bankruptcy of individual speculators. Many people had embarked upon the hazardous paths confiding in a rapid increase in values and they to-day in face of the prevailing restriction, find it impossible to liquidate their ventures. But these personal situations constitute an infinitesimal minority, and it would be absurd because of them to pretend to adopt any remedy of a general nature. Furthermore, no panacea would be efficacious to remedy them. The crisis in real estate has been provoked by the artificial inflation of values. Once this exaggerated valuation was checked, a fall was fatally, irresistibly inevitable for those who had embarked in such operations on a credit basis. As a matter of fact, the European conflagration has only precipitated events. The causes of the crisis were already there and sooner or later they had to produce their effects."

PRESENT POSITION.

Although some firms will doubtless have to go into liquidation in the next three months, it is hoped that it will not involve any of the larger ones; and that if the hopes for a good crop be fulfilled, the remainder will be placed beyond serious danger. This is the position, and exporters should keep in touch with the crop prospects through the grain news in their daily papers, and through any other medium, Canadian or American, that takes particular note of South American current affairs. One satisfactory feature is, that the frigorificos which had to close down on the outbreak of the war owing to the derangement of commerce and finance, are now busily employed and shipping regularly. One contract alone, involving 15,000 tons per month, is reported between the British Government and the various Argentine meat-freezing establishments. Another factor to be considered is, that the abundant rains of the past winter have assured the grazing for the next two or three years at least, which is of much importance to a country shipping about \$165,400,000 worth of animal products per year.

DECLINE IN TRADE.

As showing the decline in trade which Argentina has been experiencing, the figures taken from the Government trade statistics are very illuminative, as also are the railway returns for the period from July 1 up to the week ending September 12, 1914. The trade statistics together with other returns, show that the imports have fallen off in the six months ending June 30, 1914, to the extent of \$38,158,725 gold, and the railway traffic returns have fallen off by no less than \$1,530,387. The customs receipts from January 1 to September 15 show a falling-off of \$20,507,040 gold.

BRAZIL.

Of the Republics of South America none can be feeling the crisis more intensely than Brazil. The fall in the price of rubber some time ago probably commenced the trouble, as it reacted on conditions already somewhat top-heavy. Prior to the outbreak of hostilities between Austria and Serbia, Brazil found herself in urgent need of financial assistance, and her Government had been negotiating with European bankers for a large loan. With the advent of the war these were broken off, and the immediate effect of this, together with the dislocation of trade, was to throw the financial affairs of the country into a state which may be described as chaotic. Exchange fell heavily and fluctuated so violently that its rate could only be fixed by the price which parties would pay for it. The par rate of exchange, as fixed by the Law of Conversion, is 16d. to the milreis, or 15 milreis to the sovereign, but on August 3, exchange shops were paying as high as 24 milreis for a sovereign, although naturally only for small amounts. In the first week of August, to save the situation, the

Government declared a moratorium. An adverse feature is the default in dividends which the Government had to make on its 5 per cent loan of 1895, of which £6,873,000 is outstanding, and its 4 per cent loan of 1910, of which there is £9,807,000 outstanding.

IMPORTANCE OF COFFEE CROP TO BRAZIL.

Coffee, which is the principal source of wealth in the Republic, has suffered under severe difficulties. The United States being almost the only buyer for the moment, the dealers naturally lower their prices in front of the offerings of Brazilian sellers who urgently require funds to meet their obligations. Coffee has come to be looked upon in the United States very much as a necessity, not as absolutely needful to support life, but perhaps more as an adjunct to the table, entering into the same category as butter, eggs, etc. But in other parts of the world this does not apply to the same extent, and it may be assumed that the practice of economy imposed upon the people of Europe, South America and other parts of the world will result in a curtailment of consumption which must react upon the Brazilian position.

The following report gives some indication as to the conditions at present existing in Brazil. It is written by a gentleman who has lived for some time in Rio de Janeiro, is well acquainted with local conditions, and is in a position to be well informed upon the state of the country:—

PRESENT OUTLOOK POOR.

Business conditions in Brazil are very bad and do not seem to be improving. During the first six months of the year the Government practically paid no accounts for supplies, and finally resorted to a very large issue of paper money—250,000 contos—which were put into circulation and relieved the financial situation to some extent. A loan of £30,000,000 was being negotiated, but the outbreak of the war made the transaction impossible.

The outbreak of the war necessitated a moratorium at first for thirty days; afterwards extended to December 15.

Exchange which for years had been 16d. gradually dropped to 10d., but then recovered to 13½d.

The coffee crop, however, is beginning to be moved and more exchange is now offering.

The situation in northern Brazil is very bad; the whole Amazon district, including the states of Para and Ceara, feeling the effects of the low prices of rubber.

It is hoped that as a result of the boycott of German and Austrian beet sugar by Great Britain, the northern states producing sugar may benefit, but this will take some time.

Imports have fallen off very heavily, over 70 per cent, and as the Government depends largely upon the customs receipts for its revenue, this is most serious.

SUGGESTIONS FOR SECURING TRADE.

The outlook for the present is by no means bright, and great care would have to be exercised in opening accounts. There can be no doubt that manufacturers sending out their own representatives prepared to remain long enough to study the trade and the wants of the people, would be repaid for their trouble. It should be pointed out that unless they are prepared to extend credits, it is useless to think of doing business. The English, German and French houses give long credits and have for this reason a very strong hold on the merchants. Since the outbreak of the war there has been much attention given to the markets of Brazil by American manufacturers and merchants, and with the establishment in the near future, as promised, of a branch of the National City Bank, their efforts will be facilitated.

Some cargoes of American coal have been imported. The United States Steel Products Company have a line of freight steamers running, and the Lloyd Braziliere are sending some of their steamers to the States, while the Lamport and Holt, Prince and Beoth Lines are maintaining their regular services.

It should be pointed out that to send circulars or other printed matter in any other language than Portuguese is useless. Many circulars are sent in Spanish and English; they go at once into the waste-paper basket.

THE POLITICAL SITUATION.

The Government defaulted the interest of bonds, due in July, 1914, but a new funding loan has been arranged to cover the amounts, thus helping the exchange market.

It seems likely that an effort will be made to reduce the tariff, which is not based on any well thought-out system. This will give rise to opposition on the part of the manufacturers who are very highly protected, notably in certain lines such as cotton goods.

Despite all difficulties, the future of Brazil is full of promise. A country so rich in material products, so diversified in climate, from the temperate to the tropical zones, has a great future before it.

URUGUAY.

The commercial conditions in Uruguay are very similar to those reigning in Argentina, except that perhaps the position there is somewhat more acute. But, except for the stoppage of the flow of foreign capital and the disturbance to credit, this Republic should stand to gain by the war, as the staple industries are the production of meat and grain, whose consumption must be the last to suffer diminution.

CHILE.

Chile, up to the commencement of the present world-wide depression, gave the impression of being in the most satisfactory commercial state, and entitled to entertain, according to its size, bright hopes for the future. But those hopes were based on the assumption of peace. The reason for this is that the main source of wealth is contained in the nitrate industry, which for prosperity requires the tranquil development of agriculture in the older parts of the world, owing to their dependence upon this product to fertilize their worn-out lands. This industry, while it is the mainstay of the country, is also its weakness, for, unfortunately, it has caused too strong a reliance being put upon it. Chile has been carrying most of her eggs in one basket, and unhappily for her she is now realizing the disadvantage of that policy. Germany has been her best customer for nitrate, but with agriculture seriously disrupted in that country and communications almost entirely cut off, her imports at the present time must be reduced to nil. Other countries have also curtailed or stopped their imports for agricultural purposes, the effect of which is that Chile now finds herself in circumstances which are not a little embarrassing. The war may have some effect owing to the heavy consumption of explosives, as nitrate is used in their composition, but whether this will be material or not it is impossible to say.

PERU.

The present position of Peru is not encouraging. This is due primarily to the political unrest, which has now been going on for over a year, and superimposed on this has been the financial stringency of the money markets which have reduced that Republic to a position that, from telegraphic and press advices, would appear to be little short of despairing.

The chief exports of Peru are copper, cotton and sugar and, after that, petroleum, silver, rubber and wool, the total amounting to a little over £9,000,000.

THE NORTHERN REPUBLICS.

Ecuador, Colombia and Venezuela ought to be in a better position to stand the present strain than any of the other Republics of this continent, as their exports not being relatively large, they are less dependent upon the state of the world's markets. Nor does speculation seem to have become the evil that it was in the Republics of the eastern seaboard. To the observer it appeared that the conditions were more calm, and there was lacking that feverish desire to amass wealth quickly that has been too evident in some of the others. Another point in their favour is that the commodities which they export are either those of prime necessity or what might be termed, for want of a better word, semi-prime necessities.

ECUADOR.

Ecuador's chief source of wealth lies in her plantations, as cocoa takes up not less than 60 per cent of her total exports. France has been her best customer and, fortunately, the route is fairly open to that country. The effect which the present disturbance will have on the use of cocoa remains to be seen, but though it will doubtless be curtailed in consumption and the prices consequently reduced, it has come too much into use, owing to its highly nutritive qualities, to admit of its being classed as a luxury. Coffee is exported to a comparatively small extent, forming not more than about 5 per cent of the total exports.

COLOMBIA.

In Colombia, coffee is the principle product, and is being grown in constantly increasing quantities. It is an advantage that the United States is its best customer, not only owing to the former being neutral and consequently less affected by the war, but also by reason of its proximity, and the fact that there is regular connection between the two, maintained by ships of United States register. Gold ranks next to coffee, and for that there is always a market. Hides come third; they may fall in price, but nevertheless, the world must have footwear and the manifold articles made from leather, of which saddlery and harness are not the least. Bananas are fourth on the list. This is a growing trade, and one of no small importance to the Republic, and it has the advantage of being conducted almost entirely with the United States. Tobacco has been going to Hamburg, shipped by German commission houses located in Barranquilla. This business will probably be disorganized, but the effect should not be serious except to the growers of the Magdalena Valley.

VENEZUELA.

As in Colombia, coffee forms the principal export of Venezuela. The figures for 1912 were 79,000,000 bolivars out of a total trade of 131,000,000 bs. The value of the bolivar is a little less than 20 cents. The United States takes about 40 per cent of the output, the balance being divided between France, Germany, Spain, and the Netherlands, in the order named. Exports of cocoa amounted in the same year to 12,000,000 bs., nearly one-half of which went to France, the United States was the next largest purchaser, with Spain third; Germany's share was unimportant. Of the 9,000,000 bs. of balata exported, Germany was the largest customer, but with France very slightly below her. Of the 6,500,000 bs. hides, most of them went to the United States. In her customers Venezuela is less happily situated than her neighbour to the west, and for that reason her commerce is more likely to suffer from the interruption of trade.

FUTURE PROSPECTS.

In the foregoing, commercial and financial conditions in South America have been described in rather drab colours, but there would be no object in attempting to

disguise the situation, which is so plainly apparent. But if the present is depressing, the future contains much to inspire hope, and it is with this that Canadian exporters have chiefly to concern themselves. One factor which operates very powerfully in favour of South American commerce, is that almost without exception the exports may be classed as coming within the category of necessities or semi-necessities. There might be a difference of opinion with regard to the nitrate of soda of Chile, yet to the tillers of the wornout or poor soil, where this occurs in Europe, it is regarded as needful, and the same may be said of the copper of Chile and Peru, in its relation to one of the most important industries in the world.

Whilst all of the Republics must suffer from the shortage of capital that is likely to ensue, for a period of years, still, idle money is constantly seeking remunerative investment, and it will have many openings in South America. Another factor to be considered is that of immigration. There is much reason for believing that with the return of peace, many people of the continent of Europe will seek new homes in the western hemisphere, where they may hope to enjoy the fruits of their labour in greater tranquility, and escape from the enormous burden of taxation, which is likely to be the aftermath of the present struggle. Unless the cataclysm which has fallen upon the continent should in turn descend upon South America, it should be reasonable to look forward to a large measure of prosperity when normal conditions once more hold sway. The people of South America are receiving a severe and most salutary lesson. They are learning to economize and to do without luxuries, that not long ago were considered necessities, and they are realizing the immense ultimate disadvantage of attempting to do too much at once. Speaking particularly of the Republics of the east coast, it may be said that they are undergoing nature's treatment for those who grow too fast, but they will recover in time and go on carefully for a period of years, then perhaps faster and faster, until there is another breakdown. Under ordinary circumstances, however, that event should take place so far in the future that it may be neglected for all present practical purposes, and in any case it will be as easily foreseen by those with far vision, as has been the present one.

PROPAGANDA IN THE UNITED STATES.

Shortly after the commencement of the war the press of the United States entered upon a campaign directed towards spurring manufacturers and exporters of the United States to assail the South American markets with all the energy possible. Apparently this propaganda was not participated in either by the Director of the Pan-American Union or the Department of Commerce. Two translations of press cables, appearing in two local papers, *La Nacion* and *La Prensa*, are given below:—

AUTHORITATIVE WARNINGS.

"Washington, September 18.—Mr. Redfield, Under-Secretary of Commerce, stated to-day in the Senate that he did not consider the present an opportune time for the United States to initiate a general commercial campaign in the South American Republics. Replying to a question put by a senator as to the probable cost of equipping and conducting a floating exhibition of United States products to the principal ports of South America, in national transport ships, Mr. Redfield is reported to have said that the fitting out of such an exhibition, carrying private produce, should not be carried out under the auspices of the Federal Government. He added that the effects of the war in Europe had not affected the purchasing power of South America, but had only affected its current credit resources and its importing capacity. Finally, Mr. Redfield said, 'The most appropriate policy just now would be the application of measures tending to assist South America to reinforce its credit before expecting it to increase imports.'"

"Washington, September 21.—After having received replies from thirty-four capitals and cities of Central and South America, to the telegraphic inquiry as to the situation created by the war, Mr. Barrett, Director of the Pan-American Union, made a statement advising the public as to the economic conditions created by the conflict, and declaring that the true situation of the countries of the southern hemisphere presents only an opportunity for co-operation, investigation and preparation for better times, rather than an opportunity for selling products. Mr. Barrett stated that economically the various countries are now passing through critical situations, which make commercial interchange with the United States impossible under the conditions in which it is usually effected. He further stated that the commercial situation of Central and South America requires active financial co-operation in the form of monetary advances and reasonable credits in order that the exportations of raw material may be deflected from Europe and attracted towards the United States."

THE ACTUAL SITUATION.

These statements represent the actual situation, and the advice given might be assimilated by Canadian exporters. Much has apparently been made of the elimination of German, Belgian, French and Austrian competition, without, or but imperfectly, understanding that this has been more than offset by the heavy falling-off in trade. Except in certain lines which have been exclusively supplied by one or more of the countries mentioned, this derangement of trade is perhaps more important for the effects which it will have upon the future than for those it is likely to exert upon the present. The advice given to manufacturers in Canada is, that they should not expect too much from the South American Republics in immediately recuperating themselves for loss of orders either at home or abroad, but that they should look upon the next year as a period for careful and thorough preparation for the better times which are likely to ensue. Markets, and the wants of the people, should be carefully studied and no effort should be neglected to form the most satisfactory connections in the various Republics. It takes time, energy and money to create a business in Canada and it will require time, energy and money to secure business in South America, and Canadians should make these sacrifices if they are desirous of attaining full success.

OPPORTUNITY FOR CANADIANS.

The above survey has been made, in an attempt to demonstrate the reasons for basing a prediction of an era of reasonable and steady prosperity for the greater part of South America. The bare facts have been given in the hope that they will be weighed by Canadian manufacturers, and that if they seem sufficient will cause them to take more interest in this part of the world, and to endeavour to secure a share of its trade.

Canada has an exceptional opportunity to secure a footing in South American markets. There is a chance for her to gain a position that otherwise might take ten years to accomplish. However the present struggle may end, there seems no doubt that for a considerable period of years Germany, Belgium and France will find themselves prostrated, and their export trade will be disorganized and that it will be long before they can recover. Intelligent efforts should be directed towards securing oversea trade in every part of the world, so that it may be retained or brought within the British dominions.

Chapter II.

THE QUESTION OF REPRESENTATION.

A subject of importance but which up to the present does not appear to have received the attention that it merits, is that of foreign representation. In the following report an attempt has been made to consider the question in such a manner as may be helpful to Canadian manufacturers who contemplate extending the scope of their operations to include oversea countries.

Foreign representatives may be divided into two classes. (I) those who for want of a better term, may be designated as direct representatives, and (II) non-direct representatives. These two may again be subdivided into others, as (I) into (a) travelling representatives, (b) resident representatives, and (II) into (a) export commission houses, (b) manufacturers' agents, whose headquarters are outside of the country in which it is desired to do business, (c) manufacturers' or commission agents, with headquarters in the country in which it is desired to do business, and (d) importing or jobbing houses. These classifications are rough, but they will serve the purposes of this report.

PRELIMINARY CONSIDERATIONS NECESSARY.

Before examining the various kinds of representation in detail, it might be as well to consider the subject in a general way. There may be taken, therefore, the case of a manufacturer, who, from necessity, or owing to energy and enterprise, or a combination of both, seeks a wider market for the product of his factory. Having ascertained that in certain parts of the world there is a demand for this product, and also that they are able as regards price and quality to compete with concerns already established, the next step is to find a suitable selling agency. And it is in this initial stage that many manufacturers fail, sometimes from sheer indolence, but probably more frequently from inexperience, coupled with a disinclination to seek or take advice. These remarks apply equally to manufacturers in Canada, the United Kingdom and the United States.

Having ascertained that his product can compete in the country or countries under consideration, it being assumed that the trade is an important one, and that a fair share of it would make a welcome addition to his business, the manufacturer has then to determine how far he is prepared to go to secure it. At this point much will depend on whether he is diffident, and lacks faith in himself and his product, or whether he is full of determination, energy and courage. If the former, his attempt will be tentative, and every one will know that it is so and will give it scant attention, but if the latter, importers will soon realize that a new competitor has come into the field whom they cannot neglect. The difference between the two will be seen in the manner in which they set about preparing for their new venture, and securing agents. The diffident man looking only to the present, will probably demand as a preliminary to any dealings, that his goods be paid for by cash against documents, thereby greatly restricting himself in his choice of a representative. The latter whilst desiring safety no less than his colleague, will before committing himself, first inquire as to how such a cash basis will affect his efforts for ample and permanent future success, and whether security cannot be obtained without fettering unduly the scope of his energy. It is taken for granted that neither are without sufficient resources to enable them to undertake the venture, or at least that they possess substantial bank credit.

As the hesitating, timorous man has little effect upon trade, and usually drops out sooner or later, it is unnecessary to consider his case; the aim will be to assist in his choice, the man who has plenty of grit and ability, and who is prepared to adopt as vigorous and aggressive measures as his means will permit.

THOROUGH KNOWLEDGE OF THE FIELD.

Whilst it may not be absolutely essential, still whenever possible, a prospective foreign field should be visited by a member of the firm, as first-hand knowledge is invaluable, and it enables the traveller to ascertain the best means for placing his product upon the market. If he uses his time to the best advantage, he can secure a considerable amount of useful information that will be invaluable to him in his future dealings. If such a trip be not feasible, however, he should endeavour by every available means, to obtain all the data possible, to guide him in his future conduct. If there is a trade commissioner in the country, his services should be enlisted, and any reports of his published in the Weekly Bulletin should be carefully studied. Information can also be gained from consular reports. An idea of the history of the country should be obtained, and a good knowledge also of its geography, and the trade routes that afford communication with it. It is not usually difficult to find some person who has a fairly intimate acquaintance with practically any country on which data is required, but unless an informant is known to be perfectly reliable, every opportunity should be taken to compare his statements with those of others. There is nothing fanciful in the advice given above; it is intended for those who desire to compete in overseas trade, and who are prepared to spare no effort in order to attain success.

AGENTS.

Instead of the manufacturer first seeking an agent, it may be that one or more first seek him, having heard that he has an article which they believe could be handled with advantage to themselves. Such people, as is natural, are usually not unmindful to set before the manufacturer the facilities which they have for selling his product, and if it suits them will usually try to tie him up to a contract for as long a period as possible. Such practice is more or less common the world over. Sometimes cash payments are held out as an inducement, and this has a strong influence on many manufacturers, for it can be easily understood that it must be very satisfactory to be paid for goods by cash against documents at port of shipment, as it relieves the manufacturer of much anxiety. But whilst safety should be the first consideration, safety without business is not of much avail, and it is possible that the agents willing to pay in cash might not be the most satisfactory from the manufacturer's point of view. Nothing disparaging is intended against a firm who may seek an agency; the reason for introducing the subject is to suggest caution in making contracts. It is seldom that there is any great need for haste in such negotiations, for whilst procrastination is to be deprecated, there should always be ample time for making inquiries, as to the financial standing of the proposed agents, their foreign connections, and their facilities for selling the particular goods made by the manufacturer. It would be better to break the negotiations off altogether than to conclude a contract without having first made a thorough investigation through impartial sources on the lines indicated above. If the proposed contract did not appear to confer a distinct advantage, an effort should then be made to conduct the investigation by means of the cable. It is better to spend money in telegraphing than perhaps to lose one or two years of opportunity.

DIRECT REPRESENTATION.

Where the business warrants it, direct personal representation will usually be found the most satisfactory in every respect. Through its means, the manufacturer has the satisfaction of having his business in charge of one whom he knows intimately and trusts, and who has a technical knowledge of the goods he has to sell, and can be expected to be imbued with the enthusiasm of his employers. This representation may take the form of (a) a travelling salesman, or (b) a branch office.

Taking first (a): this largely depends upon whether a salesman is sufficient in himself to secure the business, or whether he needs a resident agent to assist him.

and it also depends upon the territory to be covered, the class of importers to be encountered, and whether the house is very firmly established or not. In the last case where a mark is firmly established, importers are inclined to wait until the representative of the manufacturer comes around on his periodical visits. In some instances it may be only necessary for a travelling salesman to make one or two visits, as after that he may find that he can safely leave his business in the hands of a resident agent of some kind or a jobber. No hard and fast rule can be given to govern such cases, the best way to treat them can only be learnt by experience.

THE CHOICE OF A SALESMAN.

Before leaving the subject of salesmen, a word as to the choice of them may not be out of place. Too much care cannot be exercised in this regard, as carelessness in choosing, or ignorance of the character of the man, may affect the success of the venture. First and foremost, a salesman going to a foreign country should be of exemplary habits. This should be so obvious to any one, that it should be unnecessary even to mention it, but strangely this point is often overlooked. Or it may be that a man is sometimes sent abroad although known to be somewhat unsteady, because he has been found to be successful in securing orders at home. To make such an error as this is fatal. Another most important characteristic is that the salesman should possess a modest demeanour. A bumptious man, who will insist on impressing upon present or prospective customers his own and his country's importance, usually succeeds in antagonizing them. Importers in Latin America have grown very tired of hearing commercial travellers from the United States extolling the superiority of their country, its methods, and its products. It may safely be said that this failing is responsible for their losing several millions of business every year. A warning may here be given against the excessive use of slang. In South America it is of little avail, and much of it not being understood, too free a use of it is apt to rob the conversation of seriousness and dignity. This does not mean that all American salesmen are objectionable; many of them are highly educated and expert in their business; but since the complaint is frequently heard, it is as well to warn Canadian exporters, so that they may avoid these mistakes. The travelling salesman should also be neat in his appearance, and of good address.

From what has been said above, it will probably be gathered that the representative for foreign work must be above the average, and therefore any tendency to choose one because he may be willing to work for a low salary, is to be deprecated. A high-priced man, if thoroughly reliable, will save the difference in his salary by the greater care which he will exercise over expenditure, whilst the effect that he can exert on business is incalculable.

COST OF SENDING OUT A SALESMAN.

The last sentence touches upon the question of expenditure. It is impossible to estimate the cost of a trip, as it depends upon so many things, such as the class of hotels, the amount of baggage carried, the length of time passed in the various towns visited, etc. Speaking, however, from personal experience and that of others, a traveller should be able to make a trip to include, say Brazil, Uruguay and Argentina, and to last over five months, at the rate of about \$11 a day, from the time of leaving Canada, assuming that he does not carry heavy baggage. Travelling on the West coast is a little cheaper, but the railway journey over the mountains is expensive. The cost depends, to no small extent, upon the length of stay in the various cities. With regard to hotels, the only city offering a choice is Buenos Aires, as in all others, the best is not very good. The amount per diem given above, it must be remembered is only an average one, and without being extravagant, it could easily be exceeded, so that travelling representatives should not be accused of wasting money, if in some places

their bills exceed this figure. Such items as entertaining, motor cars, and cabling, could easily add \$2 to \$3 per day. Assuming that this estimate is correct, it will thus be seen that a five months' trip from Canada to South America, as far as the River Plate, can be done at a cost of about \$1,800, and if another two months be taken, and the return made via Chile, Peru and Panama, the whole journey should not come to more than \$2,500.

TIME REQUIRED AND CITIES TO BE VISITED.

The time mentioned above is only taken as an example, it must not be considered as fixing in any way the length of time such a trip should consume, which will depend largely upon the class of goods to be sold, whether it is a preliminary visit, the number and variety of the commodities handled, etc. Considerably more time might be necessary, or on the other hand, somewhat less. The principal cities to be visited would be, taking them in their order coming from the north, Rio de Janeiro, Santos, San Paulo, in Brazil; Montevideo in Uruguay; Buenos Aires, Rosario, Bahia Blanca, in Argentina. These should suffice, though Bahia, in the north of Brazil, might be added, and on the other hand, Bahia Blanca in Argentina could be omitted. It will not be necessary in Chile to visit more than Santiago (the capital), and Valparaiso; though if steamer connections would permit of three or four days at Antofagasta, a short stay there might be profitable, as it is the principal port of entry for Bolivia, and is becoming the principal port for the nitrate trade.

TRAVELLER'S LICENSES.

The question of commercial travellers' licenses has to be taken into account. These vary widely according to locality and the class of goods carried, and if everywhere paid, would total a considerable sum. However, where the business is transacted through an established house or agent, who have taken out the "patentes" demanded by the law, the payment of licenses is usually obviated. The cost of licenses in the cities or provinces likely to be visited is given below, but their correctness is not guaranteed, as they may have changed since last reported.

Argentina.—The following is taken from the Argentine Year Book, 1914:—

Federal Capital: Representatives of foreign firms not having a shop or warehouse for selling to the general public, foreign or travelling commercial agents, \$500 m/n (\$1 m/n is equal to 42-45 cents Canadian).

Provinces: Commercial travellers who work in the provinces are subject to heavy license fees in each province, as follows: Province of Buenos Aires, \$400 per annum; Santa Fé, \$400 per annum; Entre Rio-, \$600, half-year, \$300; Cordoba, \$400, half-year, \$200; Santiago del Estero, \$300 per annum; San Luis, \$300 per annum; Salta, from \$60 to \$1,000 according to goods to be sold; San Juan, \$900 per annum; Mendoza, January to April, \$600; from May to August, \$500; September to December, \$400; Corrientes, \$600 to \$1,000; Jujuy, \$200; National Territories, \$100.

Brazil.—The laws in regard to commercial travellers throughout Brazil are complex, and vary from \$15 up to \$300 or more per annum.

Chile.—Commercial travellers are able to trade in Chile without restrictions.

Colombia.—No restrictions are imposed upon commercial travellers visiting Colombia.

Ecuador.—In Ecuador it is not necessary for commercial travellers to take out licenses.

Paraguay.—Licenses for commercial travellers in Paraguay vary from \$45 to \$100. With exchange at its present rate this would amount to very little in gold currency.

Peru.—No restrictions are imposed upon commercial travellers in Peru, except in the city of Arequipa, where it is necessary to take out a three months' license costing 12 soles (\$6).

Uruguay.—The cost of a commercial traveller's license in Uruguay is \$100, which is good for one year.

Bolivia.—Commercial travellers are liable to a tax of 300 bolivianos in each department, there being eleven in all. If Bolivia were included in a tour, it is unlikely that any cities outside of La Paz and Oruro would be visited.

TRAVELLERS' SAMPLES.

These are admitted free in most, if not all of the Latin American republics, on payment of the duty which is returnable on re-exportation within a certain time limit; in some republics only an undertaking to pay the duty is required.

THE REPRESENTING OF MORE THAN ONE FIRM.

The expense of sending a travelling representative abroad could be greatly lessened by two or more firms combining for this purpose. The remarks which will be found below, in reference to class II, sub-classes (a), (b), and (c), will be equally applicable to the one under present consideration. Care should be taken to ensure that if this plan be adopted, that the man chosen is capable of representing effectively all of the firms who have combined together, and each one of the latter should satisfy themselves as to this fitness by personal examination.

PASSPORTS.

Travellers from the Dominion will be well advised if they take out a passport. It is more than likely that this will never be required of them, unless for identification purposes, but the occasion might arise where it would be very much wanted, so that it would be as well to take the precaution, particularly as the expense is only minimal, and the trouble involved is insignificant. It should be duly signed at the time it is taken out, as failure to do this might render it worthless at a time when it might be needed.

CLOTHES AND BAGGAGE.

With regard to clothes. In the winter the same clothes worn in the milder parts of Canada during that season will be required in Montevideo and Buenos Aires, as although the weather is not so cold the climate is exceedingly damp and consequently penetrating. In the summer if comfort is to be enjoyed, white drill or silk clothing should be brought to wear in Brazil, or any part of the tropics. During this season, in Uruguay, Argentina and Chile, except in the northern parts, the same clothes that are worn in July and August in Canada will do, but the lighter they are the better. Whilst it is preferable to bring too much than too little, superfluities should be avoided. Boots can be purchased anywhere in South America, although probably at a higher price.

Large trunks and boxes ought to be avoided. It is much more convenient in every way to have, say, four small trunks than two large ones; they are more easily handled, and are subject to less wear and tear.

EQUIPPED WITH FULL INFORMATION.

A travelling salesman should not leave the Dominion without being equipped with the fullest information about the commodities that he has to sell; and it is advisable to consult a tourist agency with regard to routes, etc. It should be his care

and pride to be able to answer every legitimate question put to him; but such a responsibility cannot be undertaken lightly. An intimate knowledge of the manufacture of every article is necessary; a hurried trip through the factory is not sufficient, as superficial knowledge is soon detected by the expert. If time be short, shorthand notes can be taken, sufficiently copious to bring back to his mind the various operations seen by him, or if he cannot make these himself, he might make brief notes, and go into the office immediately after his visit of inspection is finished and elaborate these with the aid of a stenographer, so that they can be studied when leisure permits.

The weight of each article should be known, the number that go into a case, and its gross weight when packed and cubic measurements, the railway rates to seaboard prices f.o.b. steamer, shipping rates from port of shipment to the principal ports of entry in the countries to be visited, so that the c.i.f. prices can be quoted. He may be asked questions as to the packing, the mode, the kind of wood employed, etc. He should know the length of time likely to be consumed in executing an order, in the railway journey to and from the factory to port of shipment, from there to the port of entry, the number and names of the steamship lines, etc. He should be able to give the net prices on being asked, without having to go through an elaborate arithmetical calculation that may arouse suspicion. It is in the observation of such details as are enumerated above that success is obtained. If it is felt that they entail too much trouble, it can be taken as an indication that there is lacking a capacity for thoroughness and attention to detail that may prevent the fullest success in the enterprise.

It should not fall to the salesman to obtain all of this information himself. Most of it can be obtained for him through the clerical staff, arranged in such a way as will be most convenient. But it is equally his own duty, and that of his employer, to see that he has it before starting out on his journey.

KNOWLEDGE OF SPANISH AND OTHER DETAILS.

A knowledge of Spanish is not absolutely essential to a travelling representative visiting Brazil, Uruguay, Chile, Peru and Argentina, as in each of these Republics there are English and American importing houses, and in most of the large houses there are English-speaking employees, but at the same time it must be remembered that the lack of this language is a handicap, and it could be a very serious one. If a Spanish-speaking salesman is not available, an effort should be made to obtain one who has a good knowledge of French, as next to Spanish that is probably the most widely known language in South America amongst the educated classes. There should be plenty of material available in Canada amongst either the English or the French of the province of Quebec, but in this connection it might be well to remark that now is the time to commence to train up young men with a command of languages, for service in the foreign trade department. If Canadian manufacturers are ever to succeed in their attempt to capture foreign markets, they must understand that it is necessary to be constantly looking ahead, and in no department is this more necessary than the one which takes charge of their sales. It should be their care to ensure that there is always in training new men to replace those who are doing the work, so that at no time should the smooth running of the business be brought to a standstill for want of expert and efficient assistance. Where samples are necessary, as full a line as is convenient should be carried.

Probably the most convenient way of financing such a trip is to estimate the cost and furnish a letter of credit for that amount. Or a letter of credit may be furnished for only half the amount and the other half remitted at a later date, but care should be taken to see that the salesman is at no time worried by neglect to keep him in funds.

Before leaving the subject, the opportunity presented by this report is taken, to impress upon exporters the advisability of employing Canadians, or failing them Britishers, to represent them in foreign countries. One of the strongest arguments in favour of this is, that wherever these representatives go, they will come into contact

with British traders, who it may be safely assumed will accord more attention to a Britisher representing a Canadian house than to a man of another nationality. This is a point which is not to be overlooked, for the reason that in most foreign countries British importers occupy a leading position.

BRANCH OFFICES.

(b) It is difficult to give practical advice on the question of establishing branch offices abroad, as it is affected by many factors. In the first place it could only be undertaken where there is a sufficient demand to warrant it, and where it is known that the commodity which it is proposed to sell can compete in quality and price with those which it has to meet in open competition. It also depends upon the class of commodity that is to be sold, and whether a very intimate knowledge of the territory to be exploited is necessary. The business in connection with certain lines in Argentina is a very intricate one, and requires most careful handling and the utmost vigilance if losses are to be avoided.

The branch office varies in extent and importance. It may be merely an office in charge of a home office man, whose business it is to look after sales, and generally to keep an eye to his employer's interests, and to pass on all orders received to his company in the mode adopted by an ordinary manufacturer's agent. Or on the other hand, the branch may have its own storehouse, and execute all orders received, from stock in hand. The latter entails more trouble, and perhaps a little more risk, but it is very convenient for the local importers, and it facilitates close supervision. Its success would depend largely on the branch manager; this being the case, it may be readily imagined that to secure the right class of man must in the nature of things be no easy matter. A branch office is a departure which should be worked up to by easy stages, and should only be undertaken when it can be supported with the utmost vigour; there should be nothing spasmodic about it. In some countries the difficulties would be fewer than in others; one of the most influential factors in this regard would be the nature and length of credits, and the state of commercial morality to be encountered. To avoid the pitfalls which the granting of credit presents in every country, and more particularly in new ones, local knowledge is an essential; so that to ensure this, if the manager is not a local man, he should certainly have on his staff one who is, who can give him sound advice on all questions which demand for their solution an intimate knowledge of the peculiar conditions affecting the community in which the business is being carried on. It is here that the remark above, as to training up young men, particularly applies. Probably the most suitable material would be a young man who has been brought up in the country in which it is desired to operate, and has perhaps had some commercial training and experience before being taken to Canada. If he be reliable, he ought after a few years at the factory, to be extremely well fitted to take charge of a branch office, or to assume the post of assistant manager.

Within the last two or three years several United States manufacturers of agricultural and machinery have opened branch offices in the Argentine Republic. That this departure has proved an unqualified success is open to doubt. Judging by the remarks of the dealers this is a line which requires great care, long experience of local conditions, and the investment of a large sum of money, owing to the long credits extended. It is a worrying business, as if the crop is good the importers are paid, but if not, the chacareros and camp storekeepers renew their bills, or a large part of them. Trade of this particular nature is usually better left to local firms, who are thoroughly familiar with local conditions, and who have an intimate knowledge of the class who form their customers.

However, before embarking upon such an enterprise as opening a branch in a foreign country, no firm who profess to be guided by common-sense principles would consider doing so without first visiting the new field and studying it closely and exhaustively. To act otherwise would be to court disaster.

Chapter III.

THE QUESTION OF REPRESENTATION (Continued).

EXPORT COMMISSION HOUSES.

From the exporter's point of view, and speaking in a general sense, there is a good deal to be said both for and against the employment of export commission houses, in conducting a foreign trade. The tenor of the remarks would depend largely upon the attitude of the exporter or would-be exporter towards overseas trade, that is whether he looks upon it as a temporary expedient to tide over a slack period in his home market, or as a departure in which he can see an opportunity to secure wider markets for the product of his factory. For the former, the export commission house will meet all requirements, as it relieves him of financial responsibilities, and supplies his lack of expert knowledge of the many details that enter into the business. It is hardly necessary for him to even choose between several, if more than one should desire to handle his goods, or do more than satisfy himself as to the financial stability of any one of them; having received payment for the shipment, he is out of the transaction, and has no further interest.

For the ambitious man, however, the question is one of importance, and can be satisfactorily solved only after careful investigation. On the one hand he is relieved of the worry and labour of financing and marketing his product, which to the uninitiated, when contemplating transactions in far-distant lands, assume large proportions. But on the other hand he may find a lack of orders in proportion to the lack of trouble experienced. He may be fortunate and hit on a very efficient selling organization in his commission house, or he may find that several hundred thousand dollars of capital is not necessarily a guarantee that they can successfully represent him. It will generally be found that where an article makes a success in a foreign market, that the credit goes to the house handling it, and they naturally take care that this should be so, thus a manufacturer might find after several years of large business that so far as he was concerned his name was no more established than when his product first entered the foreign field.

Another disadvantage which the United States commission houses have for Canadian exporters, and this applies particularly to American trade, is, that the Canadian goods which they handle are more than likely to become known as United States products. It may be thought at first that this is of little importance, but Canadian products are usually of good quality, and there can be no question that in the case of Canada, where her international commercial future is yet to be realized, one product will help to sell another, where the source of origin is definitely known. The dependence of many Canadian exporters upon New York commission houses is a striking indication that the Canadian export trade has not yet attained sufficient robustness to stand on its own. By study, by energy, by co-operation between manufacturers, banks, and railway and steamship companies, a strong effort should be made to break away from this dependence and to strike out an original path which, whilst it may be fraught with a certain amount of danger, will in the end prove the most advantageous, as it will conduce to self reliance, wider knowledge and a more independent and courageous spirit.

THE FUNCTIONS OF AN EXPORT COMMISSION HOUSE.

It might be well to examine the functions of a legitimate export commission house. Their ostensible sphere is to act as purchasing agents for foreign customers,

in return for a commission varying from 1 to 5 per cent, and which is supposed to represent their only profit in the transaction, except what may be made in the transaction of exchange. One of the inducements held out by them is that they are able to buy more cheaply than the ordinary importer, owing to their more extensive dealings, and that the purchaser receives the benefit of this advantage and any discounts that may be allowed by the manufacturer. This may be literally carried out in some instances, but is a practice that is not by any means universal. From a practical point of view, however, the importer would hardly seem to have a just cause of complaint if he can purchase his goods at a satisfactory price; and the commission houses might confine themselves to promising this and no more.

INVESTIGATION INTO STANDING OF THE COMMISSION HOUSE.

The commission house with branches abroad which limit themselves to buying on commission for foreign clients are not numerous, some of them and perhaps most of them combine this business with that of merchants and manufacturers' agents. In the latter case they will be seeking agencies, but before entering into a contract with any one of them, it would be well to subject to a searching analysis any pretensions which they may make as to their ability to handle the goods of a manufacturer. As they will want all the data obtainable with regard to the latter's product, it should not be out of the way for him to ask that they reciprocate by affording full information as to their organization. Unless the firm is well known he should ask for the bank references, the names of some of their clients in the country or countries in which it is desired to do business; and also for the names of some manufacturers with whom they deal. He could inquire as to the branch offices abroad; whether the commission house is willing, in the event of specifying for exclusive selling rights, to confine themselves to the one mark, and if they will advertise it; as to how many other agencies they have, and their nature; whether they propose to take charge of the selling themselves for the whole territory or to farm it out in whole or in part to sub-agencies; These and other queries that will suggest themselves to intelligent manufacturers should be satisfactorily answered; they will take time, but it is seldom that there is anything to be gained by undue haste.

The financial standing of any firm in North America or Europe is easily ascertained. It is not so easy to discover the ability of the firm to act as sellers in distant countries. However, this ought not to be difficult where the services of a trade commissioner are available. To utilize these to their best advantage, the manufacturer would be well advised to take that official into his confidence (the latter is under oath to preserve it), explain his objects to him and furnish him with the names of the clients of the commission house. Where a trade commissioner is not available, it might be accomplished through the British Consular Service, or the foreign connections of the manufacturer's own bankers.

Given the names of connections nearer home, the manufacturer can investigate for himself, and this he should do thoroughly, to learn if the commission house is giving full satisfaction.

Some firms claim to have connections all over the world, and will have the addresses of same inscribed on their letterheads, but investigation will not infrequently prove that these are merely arrangements with foreign firms to represent them, and hand on to them any business that may be offering. There is a wide difference between such an arrangement, and maintaining a branch office.

THE SELLING OF ONLY ONE MARK

Commission houses and other organizations whose business it is to act as a medium between the manufacturer and the consumer sometimes ask for exclusive agencies, without in turn pledging themselves to restrict their energies to selling the

one product and no other. This is a point that should be cleared of misunderstanding before a contract is signed. Some commission agents claim that they can handle with advantage a similar article made by several different factories, as the trade will not confine themselves to any one, and they will even assert that one will help to sell the other. In certain lines there is some truth in this; but the chief advantage of such an arrangement is for themselves, as it relieves them of a good deal of trouble, and on encountering opposition to one make they are able to retire that and bring out another. There may be so much in the claim of the commission agent that he will stoutly refuse to be held down to one make, and it is for the manufacturer to decide whether he will take half a loaf or none at all. An effort, however, should invariably be made to ensure that the selling agency of any particular article should be confined to the make of the one manufacturer, even if it be necessary to offer something in compensation. When an agent's success depends upon one make, he can be depended upon to put much more energy into selling it than if he had the disposal of several, all of which were equally good in his eyes.

THE QUESTION OF ADVERTISING.

The question of advertising is one that should also be defined, if the goods to be sold are likely to repay the expenditure of money in such direction. Most probably the manufacturer will be invited to contribute towards the expense of a campaign, if it should be considered expedient to embark upon one. In such an event, he should safeguard his interests by specifying that his name, or that of the factory, or the mark under which the article is known, shall be distinctly stated in the advertisement. The aim of every exporter should be to establish a reputation and name for his product, in every market in which it is sold.

NUMBER OF REPRESENTATIONS HELD.

It is well to know the number of representations held by a selling agent, and their nature, before arranging terms. Some selling agencies will take almost an unlimited number, of every variety and description, knowing full well that they cannot possibly do justice to all, unless they have a large selling staff. Usually they have to depend upon ordinary intelligence in their salesmen, and this being so, it is too much to expect that these men, even with the abundance of energy that some of them undoubtedly possess, can successfully sell a diversity of products such as steel goods and soft goods, printing paper and boots and shoes; yet that is what not a few attempt. Certain varieties sell more easily than others and yield a larger profit even with a smaller commission; it is obvious therefore, human nature being what it is, that the salesman will follow the lines of least resistance. If conscientious, he will not give in without an attempt, but he often makes the mistake of thinking that there is something wrong with his product, when it is only that he himself is half-hearted in his effort. Time is also a factor, and selling takes time. The salesman may have to wait half an hour before he can see the buyer, and then be put off to another day; he may have to make several visits and in the end be disappointed. This being so, a selling agency, unless supported by a large staff, cannot efficiently undertake to handle twenty, thirty or forty lines. The above remarks apply particularly to South America, where the *mañana* expression (to-morrow) is much in use.

SUB-AGENCIES.

Farming out agencies to sub-agents is sometimes done, so that before entering into a contract, it should be distinctly understood if it is to be worked by the party signing it, or by one or more third parties. Sub-agencies have the disadvantage of necessitating two commissions, and if the two aggregate no more than the regular commission they are then so small as to destroy much of the incentive to enthusiastic effort. Arrangements of this kind are better avoided.

NECESSITY FOR INDEPENDENT ACTION.

There has been no intention in the above to reflect upon the functions exercised by export commission houses, but merely to examine them, in order that Canadian manufacturers when they come to placing agencies, may be in a position to choose that class which holds out the most promise of success and satisfactory relations. They have performed a useful service to the commercial community in the countries in which they are located, and have been instrumental in initiating into foreign trade, many firms who otherwise might never have considered it, and by the expert knowledge which they have brought to bear on the subject, they have done much to educate manufacturers to a better appreciation of its requirements.

Some export houses are good, some indifferent, and some are useless if not harmful. It will also be found that the branches of export houses vary in efficiency. A branch may excel in the sale of a certain article, or a certain class of articles, and do practically nothing in others. For instance, the branch in South Africa may be in charge of a man who was brought up in the machinery trade; he naturally therefore inclines in that direction, and having plenty of scope, he makes a success of that line; and in Australia the office may be in charge of a man who commenced in the soft goods trade and consequently favours that, and although he may make a success of that, the branch is a failure as far as machinery and hardware are concerned. Theoretically, it may be reasoned that a good sales-man will sell anything, but this is not supported in practice. When it has been decided, therefore, to confine agencies to export commission houses, it would be well to inquire as to the success achieved by each branch of a firm in the various countries under consideration, so that when it comes to making final arrangements, the interests of the manufacturer may be best conserved.

It is unfortunate that so large a proportion of the foreign trade of Canada is done through New York commission houses. Some of them are financially strong, and are reliable and satisfactory people with which to deal, nevertheless it seems rather a confession of weakness, when the manufacturers of one country have to employ the merchants of another to market their products in oversea countries. The position between Canada and New York, is analogous to that between Scandinavia and Hamburg. It leaves the dependents in a weak position, as entirely apart from the purchasing countries, they are subject to dislocations of trade and finance, not in one country only but in two. Norway and Sweden are regretting that they did not commence early to do that which circumstances are now forcing upon them. They are finding that in reality the ability has been latent in them, but that the lines of least resistance lay towards Hamburg. Similarly the New York commission houses should cease to exist. Canadian exporters would, no doubt, find a way of marketing their products and would overcome with their own energy and resourcefulness, all difficulties connected with financing, shipping, packing, etc., but up to the present, they have not yet felt the necessity for independent action of the kind required.

MANUFACTURERS' AGENTS.

There are certain firms, under the classification of Class II (b) who in return for usually a salary and a commission act as selling agents for manufacturers. This particular class never act as importers; they either sell abroad through their own branch offices, or else through sub-agents appointed by them. They base their request for a trial upon their ability to relieve the manufacturer of the expense and trouble of arranging connections abroad, that is to act as his representative. They claim and rightly, that it is impossible to commence an export trade without the expenditure of a certain amount of money, and that the sum paid to them in salary and commission, or it may be in salary only, does not represent more than what would ordinarily be found necessary, if as much. They also claim that the manufacturer who knows

little or nothing of export trade, has the further advantage of having his foreign organization in the hands of experts, who have worked it out to an exact science. Theoretically, this is sound, and practically it is also, when the right people are employed; but some instances have come to light, where the salary or contribution to expenses paid, might just as well have been thrown into the sea.

PRECAUTIONS NECESSARY.

On being approached by a manufacturers' agent for an agency, much the same precautions as were recommended to be adopted in the case of export houses, should be employed. His claims for patronage should be investigated, and he should be asked to show the reasons for his belief that he can do business. If this be done, it will be found that some of these firms have a most superficial knowledge of the territories which they propose to cover, and that their offers if accepted can meet with nothing but failure. To illustrate this, an example may be cited by taking the case of an American, who has been employed in a machinery house in Buenos Aires, where he has learnt a good deal in connection with that branch of business, and has also picked up Spanish, and a fair insight into Latin American customs, habits and characteristics. His house may also have a branch in Uruguay that has brought him into touch with that republic, and going to and fro periodically between Buenos Aires and his home in the United States, he has seen something of Rio de Janeiro and Santos. Having succeeded in accumulating some capital and perhaps having the promise of more, he may decide to start up in New York as a manufacturers' agent to handle Latin American business, believing that he has had sufficient experience to carry him through. He has seen in Argentina that there has been a large demand for North American vehicles, especially buggies; and so amongst others, he determines to solicit the support of a carriage factory in his venture. Being a salesman and it may be a very good one, it is possible that it does not occur to him to closely study the trade statistics of the countries which he proposes to visit.

He may succeed in interesting a carriage factory in his tour, the arrangement being that in return for a certain salary or contribution towards expenses, he will undertake to do his best to place an agency for them in each of the countries visited. He may be perfectly conscientious and put forth his best efforts to earn his salary, but except in Argentina and Uruguay he has but little chance of success, for the reason that the demand for vehicles in the other countries of South America is small, and is practically confined to "coches" in the cities, there being no country roads. Although a study of the statistics, or a knowledge of the topography of the various republics would have obviated it, expenses are incurred for a journey throughout all of them. An inquiry amongst manufacturers would doubtless show that many other similar instances could be cited.

The object of going into this subject has not been to belittle manufacturers' agents in any way, but rather to promote caution and investigation on the part of the Canadian manufacturers, in order that the latter may be saved from experiences that can only be disappointing, and may have the effect of discouraging them from further attempts. Instances have come to notice that give evidence of these firms having performed the most useful and satisfactory services, which helps to support the argument in favour of careful investigation. It does not follow that because a man may know a country, and the language spoken in it, that he will make a good salesman or successful organizer; that is the first essential, but he must also be asked to show reasons why he should be entrusted with the representation of an important factory, and promised a salary without having first earned it.

MANUFACTURERS AND COMMISSION AGENTS, CLASS II (c).

There is yet the other class of manufacturers' or commission agent, Class II (c), who lives or has his headquarters in the country in which it is desired to commence

business, or in one of a group of neighbouring countries. Of them all, this kind of representation seems to hold out the promise of greatest and most lasting success. This can be best illustrated by reversing the position, and supposing that an Argentine manufacturer of quebracho extract wished to work up a direct business with Canadian tanners. This extract is made in various countries from quebracho wood, a product of the Argentine chaco, and consequently he will have to meet competition. He has the same choice of representatives as a Canadian manufacturer; he can employ an Argentine, New York, an English or a continental commission house; or he might employ a firm who were marketing South American products such as this quebracho extract, hides, coffee, sugar, meat, etc., in the United States and Canada, along similar lines to the manufacturers' agent referred to above; or he has the further option of employing an energetic, reliable firm of manufacturers' and commission agents who have their headquarters in the Dominion and know the conditions thoroughly. If this last-mentioned class is likely to do the best work in Canada, it is also likely to do the best in South America, for a close acquaintance with local conditions is of great importance in selling transactions, and will go a long way towards obviating losses through bad debts. The local man may labour under the disadvantage of not having actually seen the process of manufacture of the goods which he has to sell, but in some lines this is not a heavy handicap, and on the other hand there are not a great many representatives who equip themselves with this knowledge. They may pay a visit to the works, but the impressions received are soon forgotten. This is only mentioned for the sake of comparison. The wider acquaintance the agent has with his subject the more successful he should be.

Whilst on the subject of local agents, it should be mentioned that it is only through them that business as a rule can be transacted with the Federal and Provincial Governments, government-owned railways, etc. This class of business requires a firm who understand it thoroughly, and are well-known. In some lines it is so important that it requires great care and attention, and can only be handled by people of standing. A first-class native firm might be the best for such a purpose.

A RETAINING FEE USUALLY REQUIRED.

A reliable agent will sell only to firms of good standing, and although he takes no actual risk himself, it will be his pride to conserve the interests of his principal. His reputation is his capital, so that his interests go hand-in-hand with those of the exporter. Some of the best-known and successful of this class of agents, who have by hard and good work, built up a business, and this especially applies to those who handle machinery, railway material, etc., which requires technical training, demand a retaining fee, the amount of which would go against commissions earned. They claim, and not without reason, that they supply expert knowledge, premises, clerical services, salesmen, etc., all of which have a value, and that whether successful or not, the manufacturer should contribute towards the cost of these whilst the market is being tested. Other manufacturers' agents also require this. The retaining fee may run up anything from \$100 to \$200 a month. Exporters are often inclined to demur at paying such a fee, especially if they know nothing of the business-getting ability of the local firm, or even if their product is suitable for the local market, they do not care to risk the sum of money which may be lost as a result of the expenditure.

It may, however, be pointed out that a firm with an established reputation would not be likely to be so easily deceived by an agent, or tempted by the siren song of pocketing a year or two's return in fees. They could not afford to risk their reputation in this way. They say that until they test the market thoroughly it is impossible for them to form an opinion, and that there is no reason why they should give their services gratuitously to a manufacturer for this purpose. From a firm, too, it can be found that an article is not suitable for the local market, or that some other firm is more compe-

that the knowledge is worth something to the manufacturers, and may be the means of saving a large sum of money, or it may put them in the way of making an improvement which may ultimately lead to success.

OLD ESTABLISHED FIRMS VERSUS NEW.

Whilst it is natural that an exporter in looking for a foreign agent would endeavour to secure the services of a firm with an established reputation, it sometimes happens, owing to the nature of the commodity or other circumstances, that in the end it might be for his best interests if he were to entrust his representation to a young, but energetic and aggressive agent who, if they had not yet built up a successful business, at least bore a good character. Strongly established firms, who have borne the heat and labour of the day, are inclined to avoid agencies which promise abundance of hard work without too much return. Many of them would not consider a new business unless it held a prospect of a turn-over of many thousands of dollars. They say that any other kind does not pay them. Such firms are well adapted for manufacturers of machinery, railway material, etc., etc., but not for the makers of articles which require constant and vigorous interviewing of wholesale houses; for the latter class, a young firm will usually give the best results.

COMBINATION FOR PURPOSES OF REPRESENTATION.

Young firms, like older ones, require a steady income to pay their office and living expenses, and they also may ask for a salary or guaranteed monthly allowance to tide them over the testing time. This question of employing such firms, who are known to have local knowledge, experience, ability and a good name, is one that should be carefully studied by exporters in Canada. Some of them would seem to lend themselves more than others to combinations or groups of manufacturers, who desire to enter a new market. Take the case of a firm composed of two partners, who have a certain number of agencies; one of the members looks after the selling end, whilst the other attends to the office management, financing, etc. They may be willing to take on other agencies, but cannot do so without further assistance, and being young and perhaps family men, they may not care to take risks which might entail a loss that they are not in a position to afford. If four or more manufacturers, however, could be found who would combine together to guarantee from \$125 to \$300 a month for, say two years, the difficulty might be overcome, as such a guarantee would enable them to engage the services of a salesman, who could devote himself entirely to pushing the goods exported by this particular group. Say six firms manufacturing goods which were similar yet would not compete with one another, were to combine and to agree to guarantee between them \$200 a month for two years. This would work out at about \$35 a month each, or \$420 a year, which is not a large sum, and perhaps would be a small item in the advertising bill of most of them. It is presumed that before making such a departure the prospects of success would have been well canvassed; as by doing this, the chances of complete failure are reduced to a minimum.

The above idea could perhaps be given the most practical effect if the group were composed of manufacturers located in the same town or in neighbouring towns, as with but little inconvenience they would be able to meet together periodically to compare notes and discuss their foreign agency, and any plans which they might make for altering or improving it. This is a subject which might be taken up by boards of trade in various towns and cities who in conjunction with such a body as the Canadian Manufacturers' Association could lend very effective aid in bringing together manufacturers in one industrial centre, or in neighbouring centres. In this connection it may be pointed out that Argentina offers one of the best fields for such an experiment, for the following reasons: Buenos Aires is the capital and has a popula-

tion of over 1,500,000, and within a radius of 150 miles there are three cities, La Plata of 1,000,000, Rosario of 250,000, and Montevideo of 350,000, the four making a total urban population of over 2,000,000. In addition to those there is a wealthy rural community nearby. A further favourable factor is that about 80 per cent of the Argentine foreign trade is transacted in Buenos Aires, and most of the balance in La Plata and Rosario, whilst probably an equal proportion of that of Uruguay is done through Montevideo. Finally, it may be said that the crisis and financial depression which has prevailed throughout South America for about a year and a half shows signs of breaking, and if the harvest, the reaping of which has already commenced, fulfils the prospects of which it gives promise, business should improve in spite of conditions in the other countries. Any important local firms which have weathered this last acute crisis should, with better times, be beyond all fear of difficulties. The present would therefore seem to be a favourable time for Canadian manufacturers to undertake such a departure as has been outlined above.

IMPORTING HOUSES.

The last class of representation II (*d*) to be mentioned is that of importing houses or jobbers. Not infrequently importing houses seek exclusive agencies, either for the city in which they are located, or for the whole country. In certain circumstances it is convenient to grant this. An importing house that has one or more branches throughout the country may be in a position to guarantee a minimum amount of business that would be sufficient to satisfy the expectations of a manufacturer. As a rule jobbers only seek exclusive agencies for specialties. It may easily be understood that it would be useless to give them the sole agency for what is known as a "bread-and-butter line."

In Argentina, unless a manufacturer is prepared to open his own office, it is necessary to employ the service of a jobbing house to introduce such lines as agricultural and irrigating machinery. These lines cannot be sold without a camp connection, either with the country storekeepers or with the large *estancieros*, and it is only large houses that have this. It goes without saying that agricultural implements and machinery, windmills, etc., must be kept in stock, and no importing house will undertake to do this, or work up a trade for any particular mark, unless they are sure of the exclusive agency for a sufficiently long time to make it worth their while. The same remark applies to such articles as carriages, motor cars, etc. On the other hand, however, an exclusive agency in such articles as tools, furniture, wire, lumber, etc., would not be given to any one house, as these are general lines and the same mark may be stocked by a number of dealers. Buenos Aires has several very large jobbing houses, and as they are well known manufacturers are very glad to make contracts with them for handling their goods. The fact, however, that a large firm takes an agency for a certain mark of an article does not say that they are going to do a large business in that, unless it is expressly stipulated that their attention should be confined to the one mark and no other. The large houses which have been very successful in business are usually independent, and are disinclined to tie themselves up in this manner, and consequently a number of them are seen carrying a number of marks of the same article, in some of which they must necessarily do very little business. A manufacturer has to choose at times as to whether he will hand over the exclusive selling rights in a certain territory to one house, or whether he would prefer to have it in the hands of an agent who would sell to all alike. In some instances the former policy will pay, and in some cases the latter, but more often than not it will be found that the latter will be more profitable than the former.

LONDON OFFICES.

Before leaving the subject of representation it would be well to consider the opening of offices in London. A little investigation will show that a great number of

firms have either their head office, branch offices, or agents located in London, which office either controls their affairs or at least act as buyers for them in London of any article which they purchase in the open market. This being the case, it would seem expedient for Canadian manufacturers to consider this question, for if they are to do a large business in South America or in many other parts of the world, it will be necessary for them to get into touch with these London offices.

The South American railways which have their headquarters in England, and they include the most important ones, do practically all their purchasing in London. This alone is important and should be sufficient reason for the establishment of English offices for any Canadian manufacturer of railway rolling stock or railway material. A list of these offices is given in appendix A at the back of this supplement, and it will be seen that it is a fairly large one. London is a great business centre and every Canadian manufacturer who aspires to expand should look forward to having an office in that metropolis, or at least an agent who would be able to transact his business for him, and bring him into touch with those firms who every year buy large quantities of material for their foreign connections.

Chapter IV.

CREDITS AND FINANCING EXPORTS.

It may seem superfluous to refer in a commercial report to such subjects as financing exports and foreign exchange, yet there would seem to be exporters in Canada who have an imperfect or mistaken conception of these subjects, which, if it were removed, would enable them to view the question in its proper light.

It is a source of complaint on the part of many South American importers that North American shippers will not grant to them the same terms of credit as are extended by large European houses. It has been stated that a firm which can easily purchase on a three months' draft from an European exporter has not infrequently to furnish a bank credit before a United States firm will sell to it. It is convenient for the South American to have the accommodation so readily granted to reliable firms by European shippers, and it hurts his pride to some extent that so many North American firms demand to see his money before dealing with him. Lately United States exporters have shown a tendency to become more liberal in the matter of credits, due no doubt to the opening of a branch of a New York bank, and to the closer study which has been and is being made of South American commercial conditions.

LARGE STOCKS CARRIED.

The reason for the need of credit facilities in South America is one that should be understood by Canadians. It is a new land, and therefore cash is not abundant. It purchases largely, indeed most of the manufactured goods which it consumes, and being situated at a long distance from the chief source of supply, it becomes a necessity to carry large stocks. It is not as if an importer in say Chile, could send a telegram and perhaps have the goods in two or three weeks as may a merchant in the Canadian western provinces under certain conditions; in the former case the interval would have to be counted by months instead of by weeks.

Some firms may argue that it is not because they do not trust South American importers that they require cash payments, but that the extent of their capital does not permit of their being out of the proceeds of their sales for such a long interval of time as four to six months. This bespeaks either an unfamiliarity with international banking operations, or the want of adequate bank credit, or a lack of co-operation on the part of the banks.

USUAL TERMS.

The usual methods of paying for merchandise are more or less as follows: (1) The importer may open a bank credit in favour of the exporters; (2) he may remit with order; (3) he may, if he is buying on open account, remit at his convenience; (4) by a draft drawn on him by the shipper, to be paid at sight or in whatever interval of time may have been previously arranged.

It is almost unnecessary to say that to the North American manufacturer the first two methods would be the most satisfactory; but they are so disadvantageous to the payer as to be almost negligible in practical affairs. The first is only just a little less unpopular than the second, and for good reason. The firm who has put up the credit is restricted by just the amount to which that credit extends, and without having goods in hand to realize upon it. It means that from the time the credit has been

arranged until the arrival of the consignment, the amount representing the value involved is dead, unless of course the goods have been sold by the importer to a customer for forward delivery in return for cash or a negotiable security. The third method of payment is employed to a considerable extent in the Manchester goods' trade, but little outside of that.

The fourth method is the most generally followed, and it is as a rule the fairest method. The exporter draws a bill on the customer, at say three months' sight. It is assumed that the drawer has had a reliable report on the standing of the customer, and has satisfied himself that he is taking no more than a fair business risk. Having made a draft on say a firm in Montevideo, he can, if his credit is good, now sell it to a bank by writing his name across the face as security in case of its non-payment, and to the bill he attaches the documents endorsed to the order of the same bank. The documents should be in duplicate, and a copy of each attached to the draft, first and second of exchange, the two parts of which should be sent by separate steamers, one of which should be the one carrying the goods.

EXTRA ITEMS BORNE BY BUYER.

As the seller usually quotes a price f.o.b. port of shipment, and assuming that he does, it is expected that all the extra items will be borne by the buyer, hence the consular fee, marine insurance, interest on the bill for the time consumed from the day it is drawn until the transaction is completely closed, are in each case added to the amount of the invoice. A mistake is sometimes made in calculating the amount of the discount on the amount of the invoice, instead of on the amount of the bill; such an omission leads to the loss of the discount on the discount. The correct method is to divide the sum represented by the amount of the invoice by the difference between 100 and the rate of discount, and the quotient will be the right sum for which to draw. If the invoice is for \$10,000 and the rate 3 per cent, the exact amount of the draft should be \$10,309.28, which will not exactly \$10,000 instead of \$9 less, as would be the case if the discount of \$300 had been merely added to the invoice value.

The shipper having received the proceeds of his bill, presumably is now finished with the transaction, and free to turn his attention to new ones. The banker has a double security, the possession of the documents, and the shipper's guarantee, but if the latter party has made careful inquiries as to the commercial standing of the customer, the former has little cause for worry.

It is well known that no merchant who hopes to continue in business will ever allow a draft of his to go to protest, as to do so, and this applies forcibly in Argentina, is to commit nothing less than financial suicide. Hence there is little fear of a bill accepted by a reliable house not being paid, unless disaster has overtaken it between the dates of acceptance and payment; and even for this contingency the laws of some countries make provision.

CREDIT AND INTERNATIONAL TRADING.

The question of credit, as it affects international trading, is a large one, and has naturally been reduced to a more exact science amongst European and Eastern traders than amongst those of the Western Hemisphere. The objection most commonly raised to overseas trade is, that owing to distance it is difficult to obtain reliable reports and therefore undue risks have to be taken. There is no business man of any consideration whose financial standing cannot be ascertained within five to fifty hours by means of the telegraph and submarine cable. This may be obtained through the medium of banks, mercantile agencies, or friends, or all three combined, none of which is infallible. But the same means must be employed for securing reports on customers residing in the manufacturer's own country, and it was not so long ago that the western provinces were as inaccessible to Eastern Canada as Rio and Buenos Aires are to-day.

A notable financier stated several years ago that credit was largely a matter of character and that record was of the highest importance. A comparatively poor man with an honourable name may obtain credit that would be refused to a rich one. So while it may be somewhat difficult to obtain an actual financial rating, it is far less so to ascertain the character a merchant bears, that is, whether he is good or his obligations or not. There must be much in all this, otherwise the system of credit would not continue to expand as it does, and the European merchants who have been practising it for so long would cease to do business on such lines. The idea of unlimited or incautious credit is not contemplated for a moment, but only that kind which is allowed by the largest and most successful firms.

BANK ASSISTANCE.

Up to the present there is probably no free discount market in Canada for bills drawn on South America. Such a state of affairs reacts disadvantageously on the shipper, particularly if he is located in one of the smaller inland towns or cities. Presumably all drafts drawn in a country town on South America, are sent by the manufacturer's bank to their head office, and by the latter to their New York or London agency. The manufacturer has to accept the rate of exchange fixed by the bank, which may be the best of the day, although it is hardly likely to be so favourable as one as might be obtained if he were able to offer his draft to several brokers. No doubt in time, if Canada's foreign trade expands, such disabilities as this will disappear, and arrangements will be made whereby manufacturers may be placed upon a more equal footing in facilities with those of the United States and Europe.

From information elicited when in Canada last year, it would appear that if a manufacturer draws a bill upon a foreign customer, the sum placed to his credit will be debited to the total amount of his overdraft, where such has been arranged. That is, if a manufacturer is allowed accommodation up to \$100,000 and has already used up \$80,000 of this, and draws a bill upon a foreign customer for \$10,000, the balance of his accommodation is reduced to \$10,000, until the proceeds of the foreign draft are received from abroad. If such is the case, it does not seem altogether fair, as the bank is doubly protected; it can not only come back upon the drawer of the bill, if it should go to protest after due acceptance, but it has control of the shipment until the draft is accepted by the consignee. It may be understood that a banker in a small town whose dealings are confined to domestic trade, or perhaps with the addition of some business with the United States and the United Kingdom, is a little fearful about buying drafts on South American countries, particularly as up to a few years ago they were supposed to be in a constant state of revolution.

PART PLAYED BY THE BANKS.

The bank is forced to take some risk, and this varies in the ratio of the stability of its client. If the client be perfectly sound the risk is practically nil, but if not the contrary is the case, as in the contingency of the consignee refusing to accept the draft, or being unable to pay it when due. In the former, the shipment of goods may be thrown upon the bank's hands, in which event it would have to look to the exporter to make good any loss incurred. In estimating the degree of risk to be assumed, in the supposition that the shipper is known to be somewhat shaky, and the strength of the consignee is believed to be doubtful, due regard must be given to the content of the shipment, and also to the commercial and financial conditions ruling in the country of destination, the reputation of the bank's agents, and as to whether they can be depended upon to do their best for their clients, etc. For instance, the hazard on a shipment of staple commodities when trade is brisk is small, as if it is thrown on the agent's hands, to be sold for his Canadian client's account, he will probably realize on the goods with little loss, and may even make a profit. If trade

be slack, however, the difficulty is increased. On goods such as motor cars, which have a ready sale when business is brisk, but are a drag on the market when it is flat, the risk then varies with trade conditions. A shipment of perishable goods affords the minimum of safety, as it may deteriorate, and buyers knowing the circumstances, and the urgency for an early sale, invariably hold back to force down the price.

Such being the circumstances, and conditions in South America being as little known to the average bank manager as to the average manufacturer, it can be easily appreciated that he is loath to assume what may to him appear heavy risks. Unless the above view be erroneous, it seems to accentuate the need for study and investigation of the subject. The banker can help the manufacturer to make money, and the manufacturer's prosperity will conduce to the bank's prosperity, and that of both will react favourably upon the Dominion. But effective co-operation between the banker and the manufacturer requires that greater attention be paid by both to overseas markets and the conditions ruling therein. The United States have taken up this question and already the effect is being felt.

If discrimination based upon the advice of reliable correspondents be employed in choosing customers, and if economic conditions be carefully studied from various points of view, and diligence be exercised in sifting all reports emanating from the country under review, there is no more reason to apprehend losses from overseas than from domestic trade. It may even be said that there are manufacturers in Canada whose foreign accounts cause them less uneasiness than many of their home ones.

FOREIGN EXCHANGE.

There would seem to be considerable confusion in the ideas held regarding foreign exchange among those who only occasionally have to deal in it.

Through the medium of bills of exchange the necessity to remit gold in settlement of debts contracted abroad is obviated. For if A in one country owes Z in another, and Y in the latter country owes B in the former, it is obvious that by a little co-operation a good deal of trouble and risk may be saved. If the amounts involved were for \$1,000 in each case, it would only be necessary for A to pay this sum to B, and Y to pay the same amount to Z to completely and satisfactorily settle the two transactions.

All foreign exchange is merely a variation of this principle with brokers and bankers as intermediaries to facilitate the business. The mint par of exchange is the basis of foreign exchange. It is the unit of gold currency of one country expressed in the currency of another. The most familiar example of this is the exchange rate between Canada and England, which is \$4.86½ Canadian money to the sovereign. But the mint par of exchange may not be the actual rate of exchange—usually it is not. This depends entirely upon the demand. When a country is exporting heavily to another, or when it is selling large quantities of securities, or borrowing great sums, exchange will fall, and the converse will force it up. It depends upon the amount of exchange which is put upon the exchange market. If a great many people desire to sell drafts on London, they would have to accept a higher rate, or in reality take fewer Canadian dollars for each sovereign than if the demand were small.

RATE OF EXCHANGE WITH ARGENTINA.

The mint par of exchange between Canada and Argentina is \$1.0364 gold of the latter to \$1 of the former. So far as is known exchange between Canada and South American countries is not quoted, but formerly has had to be arrived at by a combination of the exchanges between a Canadian point and London, and London upon a South American city. However, with the recent opening of a branch of the National City Bank of New York, the exchange is now quoted direct between that city and Buenos Aires. Before the war a little exchange, telegraphic and sight, between New York and Buenos Aires was quoted, but no 90 days' commercial exchange.

Since the outbreak of the war exchange has oscillated considerably, but now that there is a steady balance of trade in favour of Argentina, it has become fairly stable. In normal times the rate on London runs between 48½d. to 49d. to an Argentine gold dollar, the lowest point being generally in the month of June, whilst the highest is reached early in January, when the new grain joins the shipments of wool already in full swing. There were no dealings in exchange in Buenos Aires for the first two or three weeks of the war; after that it opened at 49d., later it fell to 48d., owing to heavy remittances due to London, and the practical cessation of the exportation of meat. On July 20, 1914, 90 days' commercial exchange on London was quoted at 47½d., and on October 17th at 46½d. Such a fluctuation would make a difference of £188-11-10 on £10,000, or nearly 2 per cent. which as may be seen is very considerable.

The fluctuations in exchange in other parts of South America is briefly discussed in Chapter VI. Before the present crisis set in the problem of exchange was an acute one in Chile, and it is more so than ever to-day, as it has risen heavily against that republic, chiefly owing to the great decrease in the exports of nitrate. This question, as it affects Chile, was reviewed in Weekly Bulletin No. 489 of June 9, 1913.

Chapter V.

DETAILS AS TO SHIPMENTS.

PACKING.

Few manufacturers realize the supreme importance of sending their products to foreign markets, packed in such a way that they will arrive in an undamaged state. No hard and fast rules can be laid down for this art, as each article requires its own particular treatment; but a general rule to follow is, to aim to send the maximum amount of goods for a minimum amount of shipping charges, with the safety of the contents the first consideration.

Very often instructions in regard to packing are forwarded with initial orders. When such are received it is most essential that they should be carried out to the most minute detail, and manufacturers should welcome them, for they are very often dictated by firms possessing an intimate knowledge of that of which they speak.

If the question of packing be of importance, it is difficult to comprehend the indifference that exporters have demonstrated for the fate of their shipments, when once they have passed from the precincts of the factory. This is regrettable, as it discloses in the shipper a defect of character that will surely reflect itself in the fortunes of the firm.

Packing has in Europe reached a very much higher state of efficiency than in either the United States or Canada. It is much more closely studied there with the result that each consignment is more often given just the kind of casing that best suits the goods which it contains and the port to which it is destined. It is a waste of material and money to put light goods into heavy cases, and the contrary to this generally entails actual loss.

Packing should receive no less consideration than the making of the goods which it is designed to carry. Factory organization is no stronger than the weakest link of the chain of operations that connects the buying of the raw material with the remittance of the customer.

One of the complaints against North American packing (the term "North American" is employed as the complaint applies equally to the United States and Canada) is that inferior and old cases are used. There is no reason that this should be so; indeed it is poor economy. Importers demand good, adequate, new casing, and as a rule do not demur in paying for it.

PRECAUTIONARY DETAILS.

For machinery special cases should be designed. Large cases containing such goods as threshing machines, motor cars, etc., should be braced in one or more places, and round them a band painted plainly on the outside; and in English, and also in the language of the country of destination, "chain," "sling," or some such word should be plainly stencilled, also a note to the effect that the sling is to be adjusted at those bands. Failure to do this results in the pinching-in or the smashing of the case, when the sling takes the strain.

In many of the ports in South America the discharging is done into lighters, sometimes in rather open roadsteads where the sea may be rough. At the best, stevedoring is not gentle, and in this part of the world the sling is used freely, often to drag a box from a corner of the hold when it might more properly be done by hand.

Each commodity requires its own particular method of packing, and observation emphasizes the difference in packing. Some packing indicates that much care, thought and ingenuity has been spent upon it, while another lot will show the stereotyped methods have been followed. It strikes the observer as singular that the good methods are not more quickly discovered and followed by those shippers whose practice is open to improvement. Taking one or two examples, it is well known that bottles in cases suffer from the rough handling of stevedores, but as a rule careful packing can overcome this. In the interior of Peru, an importing merchant showed what he considered a fine sample of careful packing of bottles. The arrangement of this was, that in the ends of the boxes on the inside, a shallow circular hole was cut out just large enough to fit the base of the bottle, while the neck was supported by a bridge; and the space in between was filled with sawdust. The effect was, that although discharging from steamers had to be done in a particularly bad roadstead, the percentage of breakages was reduced to about 1 per cent, which in such a class of merchandise is so low as to be inappreciable.

Enamel baths are inclined to suffer in transport. To overcome this an arrangement of wooden blocks or plugs fitted in the interior of the case has been designed to prevent movement. The bath is placed in the case upside down; at the lower corner wooden blocks are placed with their sides gouged out to fit the curved edge of the bath; other blocks are placed half way up the sides, and at the top corners two or more are fixed with their inside edges hollowed out to meet the curve of the bath. This arrangement of blocks, together with a certain amount of "excelsior," prevents any movement of the bath when in the case, and thus avoids abrasion of the enamel and dents on the metal. These instances are merely mentioned to show that packing may be designed to meet practically every need.

A MODEL SHIPMENT.

One of the best examples of packing was referred to in a report some two years ago. It was part of a shipment of calculating machines consigned from a factory in the United States to the agent in Argentina.

Each box was of bright, new wood, splendidly made, and was for practical purposes as intact as the day it left the works. Each case bore the name of the consignee plainly stencilled in black, also the name of the makers. Furthermore there was securely tacked on to one of the faces a card which bore on its surface a list of the contents. This list printed legibly, contained the name of each article, even to the literature accompanying the machine. Against each of them was typed, not written, the number of the particular article which the case contained. In its way this shipment was perfect and as simple as it was perfect. There was no need to open the case to ascertain what it contained, a glance at the outside sufficed. In another part of the town and a day or two after, the same cases or similar ones were observed being shipped from the agent's place of business, apparently without having been opened or changed in any way.

INSTRUCTIONS.

At times shippers when they receive instructions with regard to packing, look on them as troublesome and as mere whims on the part of the importers, but if those same shippers could travel around and through the interior of South America, particularly that part bordering on the western and northern coasts, they would understand the reason for what to them seem tiresome directions. In that part of the continent just mentioned, railway and water transportation is very inadequate; consequently it has to be supplemented by mules and llamas, and stern-wheel, flat-bottomed steamboats or canoes. The load of a mule or llama is fixed, consequently the maximum weight laid down in the instructions should not be exceeded by so much as a pound.

Another thing that this interior transportation suggests, is the need for care when loose articles such as screws, bolts, nuts, etc., are included in a case. When this is unavoidable, they should be securely wrapped up in canvas and fastened to the article which they accompany, such for example as a part of a machine. The reason for this is that should the casing become broken, the small parts will not be lost or even separated from the article which they accompany. When it is considered that before a shipment can arrive at some interior towns and cities in Colombia, such for example as Medellin, it has to be transferred from the steamer to the wharf, from the wharf to the train, from the train to a river steamer, and from that to a railroad, and from that again to mules, and from the mules to a third railroad, it will be understood that the packing is submitted to no small strain.

One consideration that requires thought is the temperature to which a commodity will be subjected to on the voyage, and the maximum it will stand without deterioration. Certain products should be kept away from the boilers, and if the heat of the Tropics is to be encountered, placed in the coolest part of the ship.

CHECKING.

A frequent cause of complaint amongst importers is that goods are not sufficiently checked before being placed in their cases, which leads to annoyance and claims on the one hand, and explanations on the other. The packing department of an exporting concern should be placed in the charge of a highly competent, resourceful, and above all reliable man, who can be depended upon to ensure that the contents of every package are checked with the invoice.

Not infrequently a saving can be made on shipping charges by enclosing several small packages in one large case, but when this is done care should be taken that one may not damage the other. For example, it would not be advisable to enclose a fragile article with a heavy, solid one, or a greasy one with another one on which grease might have a damaging effect.

Canadian firms should, when the necessary information is forthcoming, classify each port of the world to which they ship, or may ship their products. The prepared data should include notes as to the manner of discharging, efficiency of stevedoring, whether open roads, harbours or docks. With this in hand there could be little difficulty in supplying packing to meet each circumstance.

In some highly organized, progressive factories, a practice is made of encouraging employees to suggest improvement. In the export trade this excellent principle might be effectively applied in many ways, and particularly to the subject under discussion. Employees should be stimulated to study the very best form of packing under varying conditions, for the open roadstead or the enclosed basin, aiming also to secure a maximum of accommodation for a minimum of space. And finally, the results should be submitted to tests as near to the actual conditions as can be imagined. Since nearly every factory has a crane, cases can be pulled about and dropped, just as might happen in discharging from a ship. This idea may be a novel departure, and may even cause a smile, but it is just one of those details that form the chain of success.

CO-OPERATION OF TECHNICAL SCHOOLS.

The problem of packing might be studied with great advantage in Canadian technical schools, and could be developed as part of their regular course, hence the question of placing it upon the syllabus of these educational institutions should receive careful consideration. The idea might be further developed, so that these schools, or perhaps one of them in particular, might be of great assistance to manufacturers, through encouraging the latter to submit their packing problems, which could be worked out by the students. Co-ordination of interests for the benefit of the whole has done a great deal for German commerce, and it should do the same for that of Canada.

Finally, it may be said that an exporter should never be entirely satisfied with his packing, and should constantly endeavour to improve it, either through the ingenuity of himself or his assistants, or by discovering and utilizing the improvements of his competitors.

MARKING.

Whenever possible, it is essential that the marking of all packages for export be done with a stencil. The address should be plainly printed and the instructions inscribed in as many languages as is necessary, although not too much reliance can be placed on their being strictly followed.

Every case should be numbered in such a manner that it will be possible to identify it from the invoice; and before shipping all marks should be carefully checked by a responsible clerk.

Tags ought to be avoided, but if necessary, metal ones only should be employed. It is well to stencil in the gross and net weight of each case, in the weights used by the country of destination, which to South American ports should be in kilos.

DOCUMENTS.

In case of shipments where the payment is to be made by the acceptance of a draft, the documents usually attached to the latter are the invoice, bill of lading, consular invoice and policy of insurance. Instead of a consular invoice, a certificate of origin is sometimes necessary, as in the case of shipping from Canada to South Africa. Some countries require three sets of invoices, and others more, but information such as this is usually best obtained from the consul of the country to which shipment is to be made.

Regulations with regard to invoices vary with countries. Some states require a separate invoice for each mark, while others will allow a number of marks to be entered on the one document. Fees also vary, some are trifling while others are comparatively heavy. The Pan-American Union has recognized the lack of uniformity amongst Latin American states and is trying to correct it; if the attempt prove successful, the result will be a convenience to all having dealings with the republics. Some Latin American countries require consular invoices to be made out in Spanish, but this does not apply to either Argentina or Chile, neither does Brazil require Portuguese; English is optional in all three, although naturally Spanish or Portuguese would be better.

BILLS OF LADING.

As explained above, the principal documents required in connection with a shipment are a bill of lading, commonly abbreviated to B L, the shipper's invoice, and a consular invoice or certificate of origin. In R. S. Osborne's "Modern Business Routine," a bill of lading is defined as "A receipt for goods shipped in a vessel, and contains the terms and conditions upon which they are to be carried." As a rule four sets of bills of lading are required, and possibly more, two to be attached to the negotiable security, one for the files of the exporter, and one for the ship; the consul of the country of destination may also require one.

It is very necessary that an endeavour should be made to obtain "clean" bills of lading, as if it were shown by this document that packages had been handed to the ship in a damaged condition, it might react prejudicially upon the exporter. Bills of lading are as a general rule made out to order, and in that form are negotiable.

FOREIGN INVOICES.

The absolute necessity for accuracy in the preparation of foreign invoices cannot be too forcibly impressed upon all exporters. Errors and omissions are liable to be

severely punished on the arrival of the goods at the port of destination, in fact this can be taken for a certainty in regard to some countries. A copy of the invoice should be attached to each set of the bill of lading, one should be sent to the importer by mail, while one is retained for the files of the exporter.

In the body of the invoice there should be specified the marks and numbers of the various cases and packages, and the contents of these either singly or in lots and the prices of same. All charges, such as railage, shipping, etc., incurred in connection with the shipment are also included. To illustrate the above, an extract is given below, taken from an actual invoice, a copy of which appeared in a report written at Durban, and published in a special supplement to the *Weekly Bulletin* in December, 1940. It will be noted that in this invoice the gross and net weights of each package are stated.

Marks on the invoice should correspond with marks on the packages, and it is advisable that the latter admit of the instant identification of the contents. In this connection, the difficulties of an importer of windmills might be mentioned as an illustration of the point to be brought out. He complained that he had been subjected to no small trouble, owing to not being able to identify readily the cases containing any particular part of a mill which was required. He suggested that each size of mill should have its identifying number, which number would be stencilled on the case. And if the complete mill were divided up into say three parts, he would give each separate part a number, so that by the help of the invoice he would be able to lay his hand on any part. This system of identification should never vary, so that without being opened there would never be any doubt as to the contents of each case. For example, the three packages containing a number 8 mill would be marked 8 1, 8 2, 8 3, in such a way that the marks would be readily visible when stored in a warehouse,

INVOICES OF MERCHANDISE SHIPPED

No. 121,215

By John Jones and Company, of New York, on board the SS. "Black Prince" from New York, bound for Port Natal, for order account
 and risk of Messrs. Black & Co., of Durban, Natal. Consigned to order

Checked by _____

10 packages marked B & F, Durban Co.

	£	s	d	£	s	d	£	s	d
--	---	---	---	---	---	---	---	---	---

Apr 25, 1900. Jones Mfg. Co., 27 1/2 lb. gross, 196 lb. net
 3 tool heads 1 screw plates No. 228 What at 110s. 5d. each
 170d. 2
 2 Gro 6 R over screw plates No. 115 What at 140s. 8d. each.
 170d. 20

40 100

Apr 25, 1900. Jones Mfg. Co., 27 1/2 lb. gross, 196 lb. net
 3 tool heads 1 screw plates No. 228 What at 110s. 5d. each
 170d. 2
 2 Gro 6 R over screw plates No. 115 What at 140s. 8d. each.
 170d. 20

400

30 lighting tape tapes, each 1 1/2 x 2 1/2 x 1/2, 2 1/2 x 3 1/2 x 1/2, 3 1/2 x 4 1/2 x 1/2
 80 10 7

200

Cut 1/2

May 14 1900. Messrs. Plant & Co., 123 lb. gross, 90 lb. net
 6 No. 1 plates at 20s. 3d. each
 2 No. 15 " at 20s. 7 1/2d. each
 1 doz. No. 104 12 foot levels at 14s. 4d. each
 1 doz. No. 100 18 foot levels at 10s. 10d. each
 1 doz. No. 100 24 foot levels at 10s. 10d. each

Cut 1/2

100 1 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2

0 1 6
 0 17 2

SHIPPING.

Before shipping goods to a foreign customer great care should be exercised to see that they are absolutely up to specification, and where they are sold by weights, that full measure is given. If this is not done, it leads to claims on the part of the consignees, and very often friction and sometimes mutual recrimination. On no account should one article or class of article be substituted for another that has been specified. The reasons have to be exceedingly strong to authorize such a procedure as this. Usually it would be much better to delay a shipment or a part of it and cable for instructions. Unauthorized substituting is a frequent source of complaint on the part of importers, and often leads to a great deal of annoyance, which in turn imperils business relations.

For small shippers, or even those who are not well versed in the intricacies of shipping abroad, it will usually be most convenient to secure the services of an entirely reliable shipping agent at the port of shipment, who will attend to the despatching of the goods, preparation of documents, etc. The fees of such an agent are not usually excessive, and in many cases it is money well spent. When shipping to South America from Canada, if this method were adopted, it would be necessary to find an agent in New York. A good man may usually be discovered by making inquiries amongst friends who have had experience of business dealings with foreign countries. Exporters whose shipments are large and continuous will probably find it convenient to have their own office in New York to attend to the many details connected with ocean shipping.

As each shipment entails certain expenses, it is a good plan, where it can be arranged, to combine several under one head, as by doing so this will result in the saving of a number of fees.

It is advisable to follow up shipments with inquiries, to ascertain from the consignees if the goods which they have received have been giving satisfaction, and if not, the reason. Not infrequently shipments are made by manufacturers through commission houses without their knowing the names of the consignees, and while of course the commission houses have a perfect right to withhold the names of their customers, still it will do no harm to make the attempt; and every manufacturer should desire, if only for his own satisfaction, to know the fate of the products of his factory.

Chapter VI.

THE SUBMITTING OF QUOTATIONS.

The manner of submitting quotations to foreign countries is not entirely understood by all manufacturers, especially by those whose experience has been confined to domestic trade. An ignorance of the subject leads to an incorrect use of the terms or abbreviations generally employed.

The ones in most common use are f.o.b. and c.i.f. F.o.b. means free on board, which quotation includes all charges, such as wharfage, cartage, etc., until the goods are in the ship. C.i.f. means cost, insurance and freight, and includes all charges from the factory to the port of destination. It might be mentioned that goods sold on c.i.f. terms are usually invoiced in the currency of the country of destination. In addition to these terms there is also f.o.r., signifying free on rail. This includes cost of goods and any expenses necessary to place them in the railway station. Another is f.a.s., signifying free alongside ship. This, as will be seen, differs very little from f.o.b. C. & f. signifies cost and freight. This quotation includes cost of the goods and freightage to the port of destination. A further term is also used by some exporters, i.e., c.i.f. & e., meaning cost, insurance, freight and exchange, which will be the same as the c.i.f. mentioned above together with any further charges which might be incurred for exchange, in connection with the financing. F.o.b. is sometimes used by manufacturers when they mean f.o.r.

During the present time it is probably just as well to only quote f.o.b., as ocean freight rates are changing too rapidly to make c.i.f. ones reliable, although when quoting f.o.b. it would show a readiness to go to some trouble if the ocean rates which may be in force at the time of writing were included. Some manufacturers claim that they find great difficulty in obtaining these quotations from the New York shipping companies, and in this case it is better to apply to the transportation department of the Canadian Manufacturers' Association, who are in close touch with the lines running out of Canadian and United States ports. Manufacturers also occasionally write to correspondents that they cannot obtain these freight rates, but such is rather a confession of weakness, and is the best proof that they have not tried very hard. It may be taken for granted that shipping companies are just as anxious to secure freights as manufacturers are to secure quotations and space.

In asking for freight quotations from the shipping companies it should be borne in mind that a firm offer will receive better attention than merely a request for information, and in the former, lower rates will probably be quoted. As most of the New York-River Plate lines are British-owned, this is a matter that might be taken up personally with the steamship people, either in New York or in England, by the manufacturers. If courteously explained that many Canadian manufacturers are new to the business of exporting and require a little assistance, they will probably receive it.

QUOTATIONS AFFECTED BY EXCHANGE.

Unless an exporter completely understands the vagaries of exchange, or enough at least to estimate its fluctuations within reasonable bounds, it is to his interest to quote in the currency of his country, so that if a sale be effected the payment will be in the same medium. Failing this, it is the part of caution to specify a nominal rate, and to arrange to whose account any loss on exchange shall be charged.

WEIGHTS AND MEASURES.

It is important that Canadian manufacturers should understand the various weights, measurements, currencies and languages which are in use in Latin American republics. The metrical system is used throughout. Spanish is spoken in every republic except Brazil, where Portuguese is the language of the country. In some of

the states old Spanish measures are used, but a knowledge of these is only necessary to a resident, or to one much interested in their local commerce and production; to the exporter, a comprehension of the metrical system is all that is needful. Some of the terms most in use, with their English equivalents, are given below:

Kilometre	=	0.62 miles
Metre	=	3.28 feet
Litre	=	0.22 gallons
Centrolitre	=	22.00 "
Kilogram	=	2.20 pounds
Hectare	=	2.47 acres
100 kilograms	=	1 metric ton

CURRENCY

Each republic has its own currency; the par value of the different units in Canadian or sterling currency is appended below.

In *Argentina* there are two classes of currency, the gold peso and the paper peso; the former is equal to 96½ cents Canadian and the latter to 42½ cents Canadian. The latter is known as "moneda nacional" and is symbolized by "m n" to distinguish it from gold currency, which is denoted by the symbol "o s" (oro sellado). The par value of a pound sterling in paper currency is \$11.45, which, except for the fluctuations due to exchange, has been maintained for a considerable number of years.

In *Chile* there are also two classes of currency, the gold and paper currency, but the former is not used in commerce and can therefore be disregarded. The value of the peso fluctuates widely, the reasons for which cannot be entered upon here. This phenomenon was discussed at some length in a report on Chile which appeared in Weekly Bulletin No. 489, June 9, 1913. At the time of the report the value of the peso was about ten pence; at to-day it is only about 7½ pence.

In *Brazil*, the milreis is the unit of currency (1,000 reis). In normal times it has a value of one shilling and fourpence, or 16 to the pound, but since the crisis it has fluctuated violently, and to-day exchange is quoted around 12½ or 18\$000 (15 milreis 600 reis) to the sovereign.

Venezuela has a gold standard. The par value of the peso is \$1.034 Canadian.

In *Bolivia*, the unit is the "boliviano," worth in ordinary times about 37½ cents Canadian, but its value is not stable, and last year it oscillated between 37 and 32 cents Canadian.

For some years, up to the outbreak of the war, *Peru* had been enjoying a gold standard, the "sol" being the unit, the par value of which was 2 shillings, or 10 soles to the "libra" (pound), it thus being similar to English currency. However, the government have been compelled to make an issue of paper money, with the inevitable result that the value of the sol has been depreciated, which a few months ago amounted to 9 per cent.

Ecuador is supposed to have a gold standard, of which the sucre is the unit, with a value of 2 shillings, or 10 sucres to the pound. This unit like many others in Latin America, has suffered from an elevation of exchange in the last few months.

In *Colombia*, officially there is a gold standard, with a peso, the par value of which is equal to one dollar Canadian, but owing to the lack of metal, the paper peso or dollar (P m) is the one in common use. It has during revolutions undergone the most violent changes, but for some time has been equal to one cent Canadian.

The unit in *Venezuela* is the "bolivar," which has a value equal to one franc.

In *Paraguay*, the paper peso fluctuates so widely that it is useless to give it a value. At present it is jumping about between 2,300 and 3,000 to the sovereign.

In *Panama*, the balbao is equivalent to a United States dollar. The silver peso is equal to the United States half-dollar. United States currency, however, is as much in use as that of the country, or more.

Chapter VII.

FA. LITIES FOR TRADE.

STEAMSHIP CONNECTION.

Freight from Eastern Canada for South American ports is usually shipped via New York or Boston, although it can also be routed via Liverpool. Within the last few months it was found more convenient to ship some perishable goods from the Dominion via the latter route than via the former. This alternative route is not often taken into consideration, but it would be as well, in view of the importance of the question, that care be taken to ascertain the cheapest and most satisfactory means of shipping goods. For the present, the war risks may be too high to allow Liverpool to compete, but apart from this, its advantages and disadvantages ought to be investigated.

This question of ocean transport is so intimately associated with exporting, that the manufacturers of Canada should make a point of studying it, or causing it to be studied, in all its details. It is no less necessary than the study of the cost of production, as the thing that matters to the importer wherever he may be, is the c.i.f. price of a commodity; consequently, if a high cost of transport neutralizes a low cost of production, the former will even transcend the latter in immediate importance.

Below is appended a list of steamship lines, plying between New York and South American ports, together with the addresses of their New York offices.

RAILWAY CO-OPERATION.

To make the business of exporting as simple as is consistent with efficiency, it is highly desirable if the arrangement is not already in vogue, that the railways in Canada should be able to quote through rates to any foreign port, as well as issue a through bill of lading. This is the system in force in Germany on the state railways, and there can be no question that it has been of untold assistance to the foreign trade of that country. It is one of the many details that received the careful attention of the government, during the struggle that enabled Germany from being a commercial country of almost secondary importance, to gain a place second only to the United Kingdom.

STEAMSHIP OFFICES.

To Brazilian ports only:

Lloyd Brasileiro: General Agent, 17 State Street, New York.
Booth Line, 17 Battery Place, New York.

To Brazilian and River Plate Ports:—

Lamport & Holt Line, 301 Produce Exchange, New York.
R. P. Houston & Co., 17 Battery Place, New York.

(This firm offers to handle cargo, prepare documents, etc., at a nominal charge of \$1.50 for each set of bills of lading handled.)

American and Rio Plata Line, 21-24 State Street, New York.
Barber & Co., Inc., 17 Battery Place, New York.
Prince Line, 8 Bridge Street, New York.
Norton Line, Produce Exchange Building, New York.

Pacific Coast Ports and Bahia Blanca (in Argentina):

New York and Pacific Line, Hanover Square, New York.
New York and American Line, 11 Broadway, New York.

United Fruit Co., 17 Battery Place, New York.
 Merchants Line, W. R. Grace & Co., Hanover Square, New York.
 West Coast Line, 25 Broad Street, New York.

Panama and Colombia

United Fruit Co., 17 Battery Place, New York.
 Royal Mail Steam Packet Co., Agents, Elder Dempster Line, Montreal.

Venezuela

Royal Dutch West India Line, 8 Bridge Street, New York
 Red "D" Line, 82 Wall Street, New York.

From Seattle to Pacific Coast Ports

Merchants Line, Seattle.

MAILS AND FREIGHT.

Mails via New York addressed to the east coast of South America, consume about eighteen to twenty days in the passage to Rio, one day more to Santos, twenty-three to twenty-five days to Montevideo, and from there on to Buenos Aires a further half day. Cargo boats make the voyage to River Plate ports in about a month, and to Rio and Santos in about twenty-four days. Several mails from New York to Argentina have been despatched via Panama, but so far this departure has not proved a success, judging from the dates of the letters received. All letters for the West Coast proceed via Panama, where connections are made for Pacific Coast ports.

Canada has a parcel post arrangement with Argentina, and no doubt with other South American States, but this class of mail matter has to be despatched via England, owing to the refusal of the United States government to allow its transit across their territory. Such a disability precludes its employment except to east coast ports, owing to the time that would necessarily be consumed by this circuitous route. An effort should be made to make this utility as expeditious as possible, for it forms a very convenient means for shipping certain classes of merchandise in small shipments. One advantage that it possesses is, that at the South American end parcel post is not subject to the same delays as ordinary freight.

It has been stated that one of the principal express companies of the United States, will extend its activities to include South America. If this plan is carried out, Canadian exporters will no doubt have the benefit of such a convenience through the company's Canadian connections.

SPANISH LANGUAGE

The study of the Spanish language might profitably receive more attention in Canada. From letters received it is apparent that it is not generally known that from the southern borders of Texas, to Cape Horn, Spanish is the official language of all the Central and South American States, with the exception of Brazil, the colony of British Honduras, and the Guianas. It is also used in Spain and wherever she has or has had colonies. Moreover it is akin to Italian and Portuguese, so that a thorough knowledge of the first helps to an understanding of the other two.

Every year Spanish grows in importance with the ever-increasing volume of Latin American commerce. In normal times, this volume of trade amounts to about \$2,000,000,000, in ten years it may be double that amount. The trade of Spain is about \$400,000,000 per annum. Thus in markets (excluding Brazil) whose buying and selling power reaches to nearly \$2,500,000,000, Spanish is the language in common use.

From the stand-point of commercial utility in relation to Canadian exports, next to English, Spanish easily stands first. One very important feature which should be

kept clearly in view is, that it affords an entry to countries that produce raw material, but manufacture to only a small degree. The French market has a volume of \$2,700,000,000, or the French and Belgium combined, \$4,000,000,000.

The German market has a total of \$4,400,000,000; Austria-Hungary, \$1,000,000,000, or the two combined (although German is only spoken in part of the Austro-Hungarian Empire, \$5,400,000,000. But the four countries mentioned above are engaged in manufacturing, and consequently do not and may never present the same opportunities to Canadian manufacturers, as do those of the Spanish-speaking republics.

Such being the case, Spanish should be encouraged in Canadian schools and particularly in the business colleges, if the Dominion is ever to have a supply of salesmen, correspondence clerks, and heads of departments suitable for handling Latin American business.

FOREIGN SALES MANAGERS.

The title of foreign sales manager is sometimes lightly assumed with but brief thought to the responsibility which such assumption entails. No man should thus style himself unless he understands the science of exporting; for there is such a science, if science means knowledge reduced to a system and signifies skill as the product of training. In this case, the knowledge that must be systemized is an understanding of foreign exchange, preparation of documents, compilation of prices f.o.b. and c.i.f., packing, marking, a facility in correspondence that will ensure the dictation of a letter suited to the temperament of the person to whom it is addressed and his environment, and it embraces the mode of handling dissatisfied and perhaps angry customers. These are essential, and an acquaintanceship with foreign markets, languages, customs, and actual or prospective clients is highly desirable, and finally a trained imagination and an abundance of tact. Equipped with these, a foreign sales manager should be able to solve any ordinary problem that is likely to present itself, and what is so useful, he will be able to project his mind across the intervening space, and to imagine himself in his customer's place. To be able to see and to see with sympathy the other's point of view, is an attainment of mind that is of incalculable value. The born salesman intimately comprehends the psychology of commerce, whilst an ordinary one may not come to a realization that such a classification exists. A foreign sales manager should be alert, and ready to appropriate to himself every idea of which use can be made, no matter where or how encountered; he therefore requires a plastic mind that will be susceptible to new ideas, and he should train himself to be sub-consciously alert to whatever may be beneficially assimilated into his business.

The conduct of foreign sales, and even of correspondence, should not always be left entirely in the hands of the manager of the department, but might with advantage be subjected to some supervision, such as is probably the case in all organized commercial concerns. Another reason for this is, that foreign sales managers are liable to change, and if they carry the threads of the business almost entirely in their hands, their loss is apt to lead to a certain amount of dislocation.

CORRESPONDENCE.

To many exporters, correspondence with foreign countries is a stumbling block, although there is no particular reason that this should be so. Various countries and peoples have their characteristics in correspondence as in other matters. It is therefore expedient that these should be understood. To the Latin American, business correspondence as conducted in Canada and the United States, is apt to seem unnecessarily brusque, and lacking in those little adornments that are dear to him. The Latin American may be more easily led than driven, and is most susceptible to politeness. Foreigners establishing themselves in one of the Republics, become accustomed to the less vigorous, but more courteous customs, and notice an infringement of them.

An example of a too brusque letter has come recently to hand, having been directed to a South American firm by a Canadian manufacturer. Three paragraphs selected run as follows:

"When you send an order from a customer, you will enclose inquiries from a good mercantile agency regarding him. We would impress upon you the importance of only selling to first-class firms because we are a long way from Buenos Aires, and it is only safe to do business of this kind with first-class houses.

"On shipment of goods we will send draft attached to bill of lading through an English or American bank, and customer will take delivery of goods on payment of draft.

"We will pay you a commission of 5 per cent on all business you secure for us and will make payment to you as soon as our draft is settled."

Whilst it would not have interfered with the business deal, this correspondence could have been couched in more agreeable language. It is suggested that the following would have been more acceptable to the correspondents:

"When you send us an order from a customer, we shall be obliged if you will kindly attach an inquiry from a reliable mercantile agency concerning his standing. We are anxious to deal only with first-class houses, but we are glad to think that it is unnecessary to impress this upon you, as we feel sure that your long and extensive experience will be a protection to us.

"Our terms of business are, that on shipment of order we will draw upon the customer at sight against documents through an English or American bank, and we trust that this method of payment will be entirely convenient to your customers and also to yourselves.

"We propose to allow you a commission of 5 per cent on all orders taken by you, remittance to be made immediately on the draft being retired, but we would be glad to learn if these terms will be convenient and agreeable to you."

There are few civilized people who are not susceptible to politeness, and a happily-worded letter will not infrequently smooth away many a difficulty. It is difficult no doubt for a business man to turn from dictating a dozen letters to firms all over North America in a style understood by them, to dictate one to a Latin-American firm in a form that will be most appreciated. The foreign correspondent therefore requires to be either very versatile or something of a specialist in his line. It is not wished to imply in this that Canadian firms are discourteous in their correspondence to one another, but much is taken for granted between them that in Latin America should be in cold type. The principle to keep in mind, is not to be too condensed as if in a great hurry, to be uniformly courteous, and to remember that the correspondent has his point of view, and may be a highly intelligent and well-informed business man.

When writing to foreign firms it is advisable not to use colloquialisms, or any words that have a purely local significance. In Canada, the nomenclature of the United States as applied to machinery and other merchandise is more or less followed, but South America has become accustomed to English terms, owing to commercial intercourse covering more than a century, hence it is better to use the latter where it differs from the Canadian, or at least put it in brackets. As time passes these differences will no doubt tend to disappear or both nomenclatures will become known. Slang should be strictly avoided as it probably will not be understood, and if it were, it would be more likely to do harm than good. The Latin American has a very strong sense of the dignity of things.

It is better to assume when describing the merits of an article, that the correspondent knows nothing about it, than that he has a small knowledge of it. And an effort should be made when dictating a letter, to visualize the person who will read it so that the letter may be made to conform to the lines of an interesting talk, rather than to communication in which personality is hidden under colourless phrases.

POSTAGE.

It seems difficult to persuade manufacturers to bear in mind, that the postage to South America is five cents and not two. Both Canadians and Americans are neglectful in this respect. It may be said to be due to nothing but slackness, as one does not find European correspondents making these mistakes.

SPANISH AND PORTUGUESE ABBREVIATIONS.

Due to ignorance of the languages, ludicrous errors over abbreviations are sometimes made in addressing Spanish and Portuguese correspondents. To avoid them, the principal abbreviations are given below:—

Spanish.

Cia. (abbreviation of compañía)...	Company.
S.A. (sociedad anónima)...	Joint stock firm
Hno. (hermano)...	Brother.
Hnos. (hermanos)...	Brothers
Hijo...	Son
Hijos...	Sons.
Vda. (viuda)...	Widow.
Sucs. (sucesores)...	Successors
Calle...	Street

Portuguese.

Companhia...	Company.
Irmão...	Brother
Irmãos...	Brothers
Filho...	Son.
Filhos...	Sons
Vva. (viuva)...	Widow.
Rua...	Street.

TRANSLATIONS.

When it is necessary to write in Spanish or Portuguese, and recourse has to be had to a translator, it is highly advisable to ensure that he is entirely familiar with the idioms. The more idiomatically the translator can write, the more force will the letter have. One difficulty should, however, be recognized. If an intelligent translator has a clear conception of just what the writer desires to convey, it is much easier for him to compose a clear, vigorous letter than if he has to make a literal translation of dictated matter.

FRENCH.

Many importers in South America who cannot correspond in English, can do so in French.

CO-OPERATION.

Canada each year is steadily increasing the volume of her exports of manufactured goods, and year by year the interest in this branch of commerce is widening, the time would seem opportune therefore to consider the manner whereby the question of foreign trade may be more seriously studied. One of the problems to be solved is to prevent the non-utilization of the assistance and information furnished by the Government. That a large part of this attempted co-operation is wasted is being constantly demonstrated by exporters and prospective exporters. It would seem desirable that those manufacturers who have learned their lesson, and who have a large and profitable foreign clientele, should help with valuable advice and friendly encouragement, those who are still struggling upwards, and furthermore, they could stimulate interest in this highly important question, by pointing to their own experiences and success.

Canadians have lately been urged to purchase "made-in-Canada" goods, in preference to those manufactured outside the country. It may, however, be asked if there is not also a duty laid upon manufacturers and as to whether it is not also incumbent upon them to endeavour by every means in their power to increase the foreign trade of Canada, thereby assisting towards prosperity, and the provision of work for those who need it. It is safe to say that greater attention to this subject would be of great benefit to many towns and cities that are to-day suffering from the effects of having industries closed down, or working on short time.

This end would be materially advanced if there could be more co-operation amongst those at present engaged in foreign trade, and if an effort were made amongst them, to increase Canadian exports. If exporters could meet together occasionally to formulate and carry out a policy of seconding the efforts of the Department of Trade and Commerce, in educating and assisting the large body of those who require this aid, they would perform a highly useful service. Gradually such an association might draw into its ranks most of those interested in the question, thus ideas could be exchanged, and advice sought by the inexperienced from those who had learnt their lesson. As well as being patriotic, this would be beneficial to the new members, for it is evident that in those lines in which competition is over-keen, foreign trade might provide an outlet that might serve to reduce the pressure at home.

Such an association could do much to encourage and stimulate the study of the science of foreign trade in the technical schools and business colleges, and to arrange for occasional popular lectures on the subject. It would be difficult to set a limit to their usefulness. It is well known that some manufacturers by their mistakes have lost not only money themselves, but have brought Canadian products into disrepute. It is important at this stage of development in Canadian foreign commercial relations that every effort be made to prevent such occurrences, and on the other hand to build up a name for Canadian shippers and products.

Chapter VIII.

UNITED STATES ACTIVITIES.

The United States are making great efforts to take advantage of the present abnormal situation, and whilst the principal European manufacturing countries are pre-occupied with war, to consolidate and greatly extend their trade with Latin America. This movement is of importance to Canada, and should be closely followed. Heretofore, Latin America has looked principally to Europe to supply her with those goods which she does not produce herself; as a consequence of this, trade has fallen into a rut from which in the ordinary course of events, it would require no small force to dislodge it. But the upheaval caused by the present war, has largely upset established conditions, and is providing the force, mentioned above as being necessary, to bring about a re-arrangement of the avenues of trade. Such a phenomenon as this, from the view-point of commercial relations between the United States and Latin America, can be only favourable to the former, and that their most progressive business men have fully realized the fact, is abundantly evident.

THE PRESENT OPPORTUNITY.

In certain ways, manufacturing in the United States and Canada differs from that of the United Kingdom and the continent, and in the type of articles produced. Because the people of South America are conservative, and Europe has behind it an experience and an association that runs back over three centuries, it has been holding a distinctly advantageous position. There is now good reason to believe, however that some, perhaps a large part of that advantage is about to be lost; it is almost unavoidable if the present conflict lasts for two or three years. In spite of the commercial depression, the Latin American republics have not ceased to buy altogether, and even if their purchases be reduced by half, even by two-thirds, the remainder would still make a respectable sum, particularly for those countries which are still able to supply requirements, and who have been freed from the strong competition of Germany, Belgium and France. The commercial depression which has been coming on for some time, together with the outbreak of the war, has had a very strong influence upon all classes of the community, and upon the various governments, the principal effect of which is to induce them to practice a system of economy, that for a considerable number of years has been foreign to their mode of life. One of the traits most common in human nature, is an adaptability to new conditions; thus in time the people of South America will doubtless become resigned to the present situation, and they will commence again to purchase, even if in very restricted quantities, those commodities which they have heretofore required. The United States occupy a strategic position. Not being entangled in European politics, they are entirely free to devote their energies to the commercial conflict, so that it seems to be almost beyond doubt that before another year has passed, South American importers will be looking to the United States to supply their demands, and although the styles and marks of some of the articles may be somewhat new, nevertheless necessity will overcome antipathy, and in time the consumer will settle down to use American goods as contentedly as in the past he has those of European production. It is here that Canada will have her opportunity. If the United States can sell her products to Latin America, so should the Dominion, and although the former may have certain advantages in the way of larger home markets, and therefore greater production, and also perhaps in means of

communication, nevertheless, these may be offset by the display of greater attention to those details which make for success in export trade. If in the future, the channels of trade incline in a more directly northern direction, one result will be, that business men in South America will visit in much larger numbers, industrial centres in the United States, and when this takes place, it should be the care of Canadian manufacturers, to see that these tourists continue a little farther to the north, so that before returning to their own countries, they may come into contact with some of the Canadian manufacturers.

UNITED STATES BANKS.

Amongst the various means suggested for improving trade relations between South America and the United States, one of the most important is that of establishing branches of American banks in the principal capitals of the southern continent. Very shortly after the passage of the Currency and Banking Bill at Washington, the National City Bank of New York, commenced to make arrangements for the establishment of branches in Rio de Janeiro and Buenos Aires. Both of these are now open and in full running order, and the influence of the branch in Buenos Aires is already being felt on exchange operations. These American banks are likely to be of much benefit to the commerce of the country which they represent, and by their position they may, or very soon will be able to, supply reports on all commercial firms in the country in which they are located.

Even if the banks do not care to engage in all the operations of legitimate banking, they will still be able to do a large business in such branches as exchange and extending credit to those firms that carry on a trade between South America and the United States. It is reported that they have already disclosed a policy of assisting trade with the United States, to the exclusion of other countries, and for this purpose are said to be ready to open credits for United States firms which would be refused in connection with business for firms of other countries. If it be true that this policy is being pursued, it is an excellent example of practical patriotism applied to business life.

In a report which appeared in the Weekly Bulletin of January 13, 1913, mention was made of the banking business in Argentina, and of the possibility of United States banks establishing branches in Buenos Aires and Rio de Janeiro, and also the opening which there seemed to be for a branch of a strong Canadian bank. United States financial circles had discussed such a project for some years, but it remained for the National City Bank of New York to take definite action. Whether the venture will be profitable or not can only be determined with time. It is open to speculation as to just how much of the exchange which is being dealt in by the United States bank might have been secured by a Canadian office, if the opportunity to establish in Argentina and Brazil the first branches of any North American banking institution had been taken advantage of by a Canadian bank.

POSTAL COMMUNICATION

Another departure which it is reported the United States hope to make is that of establishing a two-cent postal rate with all Latin American countries, instead of the present rate of five cents. Any one who has a knowledge as to what cheap postage can accomplish in the way of promoting communication between two countries, will apprehend the effect which such a move would have in developing closer relations between the United States and the Latin American republics.

STEAMSHIP COMMUNICATION

A still further attempt in the direction indicated above is the effort being made to improve the means of communication. The United States are proposing to acquire ships to augment their mercantile marine. Already several ships have been placed

upon the River Plate service, and it may be assumed that others will be obtained for the same purpose. The Argentina ambassador, when addressing a large gathering of commercial men in New York, declared that one of the first necessities for increasing the trade between the United States and Argentina was that of an improved steamship service. That this advice was not entirely disinterested may be assumed, when the growing importance of the Argentine exports of animals and animal products to the United States is taken into consideration.

As further showing the trend of opinion in the United States, the appointment of nine commercial attachés to United States legations in various countries is announced. It is significant that no less than three of these are accredited to South American capitals, namely, Rio de Janeiro, Buenos Aires and Lima.

THE UNITED STATES AS BANKERS TO SOUTH AMERICA.

It was recently announced that the Government of Argentina had floated a loan of \$15,000,000 in New York, on terms which from the cable reports seem to be exceptionally favourable to the lenders. If it be the intention of American capitalists to assist Latin American republics with loans, whilst being directly profitable, and indirectly beneficial to themselves, this will at the same time do much to assist the commerce of the country. It is said that exchange is potent in its influence on the direction of trade; if such be a fact, and cash flows into South America from the United States, it will react on the commerce of the country providing the funds. Canada through her close connection with New York and with her numerous branches of chartered banks in that city, should be able to participate in this advantage, if the necessary enterprise to profit by the opportunity be forthcoming.

Before leaving the subject of United States trade, it will be of interest to note the improvement which has taken place in exports to Argentina. In the last five years these have increased from \$12,000,000 to \$63,000,000. The chief items are vegetable and mineral oils, imported in 1913, to the value of \$15,741,000; agricultural implements and machinery in the same year, \$5,892,000; articles and materials used in transportation of all kinds, \$5,646,000; building material, \$12,326,000; leather and articles made of leather, \$1,616,000; timber and articles of wood, \$2,623,000; chemical and pharmaceutical substances, \$2,544,000. The trade figures for the past year when published will be worth studying to ascertain the changes which will have taken place, as compared with the year mentioned above.

PAN-AMERICANISM.

This seems to have been since the outbreak of the war a drawing together of the United States and some of the South American republics. From cable reports, it would appear that discussions have been going on in Washington, between certain South American diplomats and officials of the State Department, with regard to the interruptions of the commerce of neutral nations. It is further announced that a conference has been called of the ministers of finance of the Latin American republics or their representatives to sit at Washington. What will be the outcome of this cannot at the present moment be foretold, but it may be taken for granted that it is all part of a general scheme. It is possible that this pooling of interests may have the effect of tightening the bonds of friendship between the United States and South American republics.

Without any desire to touch upon political matters, the subject is mentioned here, as it may have an influence one way or the other on commercial relations, and it is with the idea of assisting Canadian exporters to follow the events which are transpiring in connection with Latin American trade that the above has been written. Canada now aspires to export to South America, and commercially she is very closely connected with the United States, therefore anything that bears on the relationship between those two should be of interest to the people of the Dominion.

Appendix A.

BRITISH SOUTH AMERICAN FIRMS WITH OFFICES IN LONDON.

BRAZIL.

Firms in Brazil	European Offices
P. Z. de Almeida & Co., Ltd. Rio de Janeiro	108A, Cannon Street, London
Sao Paulo & Co., Rio de Janeiro	108, Palmerston House, London
Rio de Janeiro & Co., Rio de Janeiro	39 St. James Street, S.W., London
Rio de Janeiro Ry. Co., Ltd., Rio de Janeiro	108, Lombard Street, London
Rio de Janeiro Mfg. Co., Rio de Janeiro	108, Westminster House, Westminster, S.W., London
Rio de Janeiro Mfg. & Co., Ltd., Rio de Janeiro	108, Lime Street, London
Rio de Janeiro & Co., Rio de Janeiro	Manchester
Rio de Janeiro & Co., Rio de Janeiro	108, Lombard Street, London
Rio de Janeiro & Co., Rio de Janeiro	108, Square Buildings, London
Rio de Janeiro Mercantile Co., Rio de Janeiro	108, Queen Victoria Street, London
Rio de Janeiro & Co., Ltd., Rio de Janeiro	108, Lime Street, London
Rio de Janeiro & Co., Ltd., Rio de Janeiro	108, Queen Victoria Street, London

URUGUAY.

Rio de Janeiro Ry. Co., Ltd., Rio de Janeiro	108, Lombard Street, London
Rio de Janeiro & Co., Ltd., Rio de Janeiro	108, Queen Victoria Street, London

ARGENTINE REPUBLIC

European Firm	Foreign Firm
Agar, Cross & Co., Ltd. Buenos Aires	Idem, idem, 110 Lower Regent Street, S.W., London
Allardice & Dimalow, Buenos Aires	Balfour, Williamson & Co., 7 Gracechurch Street, London
Bell, Geo., & Sons, Buenos Aires	Bell, Geo., & Sons, 39 New Broad Street, London
Bessler, Waechter & Co., Argentine Agency Ltd., Buenos Aires	Bessler, Waechter & Co., Ltd., Salisbury House, London
Buenos Aires & Pacific Ry., Ltd., Buenos Aires	Idem, idem, 5 New Broad Street, London
Buxton, Cassini & Co. Buenos Aires	Buxton, Cassini & Co., 575 7 Salisbury House, London Wall
Cassels & Co., Buenos Aires	Negretto & Zambra, Holborn Viaduct Lord, J. C. & W., Birmingham
Drysdale, Juan & Jose y Cia., Buenos Aires	Drysdale, John, & Joseph & Co., New Broad Street, London
Drysdale, Thomas & Co. Buenos Aires	Doughty, Drysdale & Co. Liverpool
Evans, Thornton & Co. Buenos Aires	Evans, Arthur G., & Co., 13 South Place, London
Franklin & Herrera, Ltd., Buenos Aires	Franklin & Herrera, Ltd., 4 Moorgate Street, London
Hess, Menzies & Co., Buenos Aires	Menzies, William, & Co., 165 Fenchurch Street, London
Hogg, David y Cia., Buenos Aires	Wilde, John, Finsbury Pavement House, London
Kerrin & Hudson, Buenos Aires	Myer, Denzil A., 31 Duke Street, London
Macadam, J. F. & Co., Buenos Aires	Kahroo, Henderson & Co., Salisbury House, London Wall
Moore & Tudor, Buenos Aires	Tudor, Moore & Co. 19 Ludgate Hill London & Paris
Morea, Montemayor & Co. Buenos Aires	Morea, Montemayor & Co., Paris
Pruden A. G., & Co. Buenos Aires	Veithardt & Hall, Ltd. 41 Finsbury, London
Schill, Seeborn & Co., Ltd., Buenos Aires	Schill, Seeborn & Co., Ltd., Manchester
Thompson, H. C., & Co. Buenos Aires	Trickett, Enrique Ltd. Birmingham

Appendix B.
SOUTH AMERICAN TRADE TABLES
SURVEY OF SOUTH AMERICAN TRADE

Countries	Imports		Exports		Total Foreign Trade	
	1912	1913	1912	1913	1912	1913
Argentina	\$ 373,307,865	\$ 408,711,906	\$ 465,979,518	\$ 468,000,410	\$ 839,287,383	\$ 877,711,376
Bolivia	19,308,506	21,387,505	33,117,363	36,331,390	52,426,871	57,639,895
Brazil	308,243,736	326,428,069	362,794,816	315,104,687	671,038,552	641,533,546
Chile	122,073,494	120,274,001	139,878,291	144,653,312	261,951,785	264,927,313
Colombia	23,964,623	28,535,809	32,221,746	34,315,800	56,186,369	62,851,640
Ecuador	11,489,104	10,354,564	12,692,297	13,689,696	24,181,401	24,044,260
Paraguay	5,190,082	7,671,551	4,108,651	5,462,001	9,298,733	13,133,552
Peru	24,082,617	29,591,452	45,871,504	44,409,610	70,853,431	74,001,062
Uruguay	51,355,200	50,663,000	53,040,000	63,142,000	104,395,200	113,805,000
Venezuela	29,668,359	18,030,103	25,260,908	29,483,789	45,829,847	47,513,892
South American Republics	960,486,096	1,021,621,451	1,176,995,576	1,157,871,695	2,137,481,672	2,179,493,146

* 1911.

* 1912 (latest available figures).

DISTRIBUTION OF IMPORTS INTO SOUTH AMERICA.

Countries	Total from all countries			United Kingdom			Germany			France			United States		
	1912	1913		1912	1913		1912	1913		1912	1913		1912	1913	
Argentina	373,307,865	408,711,966	x	115,109,149	126,979,989		62,025,258	69,172,279	x	36,470,020	36,993,587		57,353,142	60,171,867	x
Bolivia	19,308,246	21,357,365		3,337,112	4,380,000		6,440,316	7,000,000		949,885	1,100,000		1,791,911	1,900,000	
Brazil	308,213,746	329,428,360		77,615,548	79,881,008		33,018,079	37,013,751		27,751,094	31,939,752		48,169,316	51,289,082	
Chile	122,075,994	120,271,004		38,617,886	36,028,943		33,189,070	29,578,138		7,291,061	6,625,200		16,806,341	20,069,158	
Colombia	25,961,623	28,537,800		7,458,879	8,867,400		1,201,125	1,612,100		2,011,886	1,408,606		7,612,057	7,629,200	
Ecuador	11,189,104	10,454,361		2,844,473	3,038,391		1,281,573	2,103,372		1,714,426	1,616,053		2,588,108	2,686,711	
Paraguay	5,190,682	7,671,551		1,301,454	1,900,000		1,508,757	2,290,000		306,778	587,000		393,467	450,000	
Peru	24,982,017	29,391,452		6,648,368	7,769,225		4,521,729	5,132,039		1,547,575	1,933,191		5,763,125	8,530,725	
Uruguay	51,355,200	59,655,000		13,690,000	13,000,000		8,700,000	8,600,000		4,300,000	4,100,000		6,200,000	6,300,000	
Venezuela	20,768,939	18,030,103		4,284,886	4,296,294		3,199,289	2,589,986		2,616,400	1,093,675		6,832,438	6,944,136	
South American Republics	900,486,096	1,021,621,551		271,596,755	283,181,250		179,183,276	187,433,668		84,009,159	88,713,049		133,363,245	165,991,582	
Per cent of imports	100	100		28.27	27.73		18.65	18.35		8.74	8.68		15.97	16.25	

Estimated

Partly estimated

1912.

1911

TRADE OF CANADA WITH SOUTH AMERICAN COUNTRIES.

Year ended March 31, 1914.

Countries.	Imports.	Exports.	Total.
	\$	\$	\$
Argentina	2,603,716	2,135,273	4,738,989
Bolivia		2,727	2,727
Brazil	1,163,785	767,858	1,931,643
Chile	767,289	134,478	901,767
Colombia	150,545	25,646	176,191
Ecuador	2,657	19,145	21,802
Peru	648,632	11,817	660,449
Uruguay	55,638	90,615	146,253
Venezuela	133,243	139,264	272,507
South American Republics	5,525,505	3,326,863	8,852,368

COMMERCIAL INTELLIGENCE SERVICE.

The Department of Trade and Commerce invites correspondence from Canadian exporters or importers upon all trade matters. Canadian Trade Commissioners and Commercial Agents should be kept supplied with catalogues, price lists, discount rates, etc., and the names and addresses of trade representatives by Canadian exporters. Catalogues should state whether prices are at factory point, f.o.b. at port of shipment, or, which is preferable, c.i.f. at foreign port.

CANADIAN TRADE COMMISSIONERS.

Argentine Republic.

H. R. Pousette, 278 Balcarce, Buenos Aires
Cable Address, Canadian.

Australasia.

D. H. Ross, Stock Exchange Building, Melbourne. *Cable Address Canadian.*

British West Indies.

E. H. S. Flood, Bridgetown, Barbados, agent also for the Bermudas and British Guiana. *Cable address, Canadian.*

China.

J. W. Ross, 6 Zoukang Road, Shanghai.
Cable address Canconma.

Cuba.

Acting Trade Commissioner, Lonja del Comercio, Apartado 1290, Havana. *Cable address, Cantracom.*

France.

Philippe Roy, Commissioner General, 17 and 19 Boulevard des Capucines, Paris.
Cable address, Stadacona.

Japan.

G. B. Johnson, P.O. Box 109, Yokohama.
Cable Address, Canadian.

Holland.

Acting Trade Commissioner, Zuideblaak, 26, Rotterdam. *Cable address, Watermill.*

Newfoundland.

W. B. Nicholson, Bank of Montreal Building, Water Street, St. John's. *Cable address, Canadian.*

New Zealand.

W. A. Beddoe, Union Buildings, Customs Street, Auckland. *Cable address, Canadian.*

South Africa.

W. J. Egan, Norwich Union Buildings, Cape Town. *Cable address, Cantracom.*

United Kingdom.

E. de B. Arnaud, Sun Building, Clare Street, Bristol. *Cable address, Canadian.*

J. E. Ray, Central House, Birmingham. *Cable Address, Canadian.*

Acting Trade Commissioner, North British Building, East Parade, Leeds. *Cable address, Canadian.*

F. A. C. Bickerdike, Canada Chambers, 36 Spring Gardens, Manchester. *Cable address, Cantracom.*

J. T. Lithgow, 87 Union street, Glasgow, Scotland. *Cable address, Cantracom.*

Harrison Watson, 73 Basinghall Street, London, E.C. England. *Cable Address Sleighting, London.*

CANADIAN COMMERCIAL AGENTS.

British West Indies.

Edgar Tripp, Port of Spain, Trinidad.
Cable Address, Canadian.
R. H. Curry, Nassau, Bahamas.

Norway and Denmark.

C. E. Sontum, Grubbegeed No. 4, Christiania, Norway. *Cable Address, Sontuma.*

South Africa.

D. M. McKibbin, Room 34, Permanent Bldgs Harrison st., Johannesburg.

E. J. Wilkinson, P. O. Box 673, Durbar Natal.

CANADIAN HIGH COMMISSIONER'S OFFICE.

United Kingdom.

W. L. Griffith, Secretary, 17 Victoria Street, London, S.W., England.

ENLARGED CANADIAN TRADE INTELLIGENCE.

Under the arrangement made by the Minister of Trade and Commerce with Sir Edward Grey in July, 1912, the Department is able to present the following list of the more important British Consulates whose officers have been instructed by the Foreign Office to answer inquiries from and give information to Canadians who wish to consult them in reference to trade matters.

Brazil:

Bahia, British Consul.
Rio de Janeiro, British Consul General.

Chile:

Valparaiso, British Consul General.

China:

Harbin, British Consul.

Colombia:

Bagot, British Consul General.

Ecuador:

Quito, British Consul General.

Egypt:

Alexandria, British Consul General.

France.

Havre, British Consul General.
Marseilles, British Consul General.

India:

Calcutta, Director General of Commercial Intelligence.

Italy:

Genoa, British Consul General.
Milan, British Consul.

Mexico:

Mexico, British Consul General.

Netherlands:

Amsterdam, British Consul.

Panama:

Colon, British Consul.
Panama, British Vice-Consul.

Peru:

Lima, British Vice-Consul.

Portugal:

Lisbon, British Consul.

Russia:

Moscow, British Consul General.
St. Petersburg, British Consul.
Vladivostok, British Consul.
Odessa, British Consul General.

Spain:

Barcelona, British Consul General.
Madrid, British Consul.

Sweden:

Stockholm, British Consul.

Switzerland:

Geneva, British Consul.

Uruguay:

Monte Video, British Vice-Consul.

Venezuela:

Caracas, British Vice-Consul.

PUBLICATIONS OF THE DEPARTMENT OF TRADE AND COMMERCE.**Annual Report.****PART I.—CANADIAN TRADE:—**

Imports into and Exports from Canada.
(Itemized and General Statements.)

PART II.—CANADIAN TRADE:—

1. With France.
2. With Germany.
3. With United Kingdom.
4. With United States.

PART III.—CANADIAN TRADE:—

With British and Foreign Countries.
(Except France, Germany, United Kingdom and United States.)

PART IV.—MISCELLANEOUS INFORMATION:—

Bounties.
Commercial Intelligence Service.
Gold and Silver Marking Act, Administration of.
Lumber and Staple Products.
Revenue and Expenditure of Department of Trade and Commerce.
Statistical Record of the Progress of Canada.
Tonnage tables.

PART V.—GRAIN STATISTICS.**PART VI.—SUBSIDIZED STEAMSHIP SERVICE.****PART VII.—TRADE OF BRITISH AND FOREIGN COUNTRIES.****Monthly Reports.**

Census and Statistics.
Trade and Commerce.

Weekly Bulletin.

(Circulated within Canada only.)

Containing Reports of Trade Commissioners and General Trade Information.

Miscellaneous Publications.

Canada Year Book.
Census Returns.
Criminal Statistics.
Directory of Foreign Importers.
Grain Inspection in Canada.
List of Licensed Elevators.